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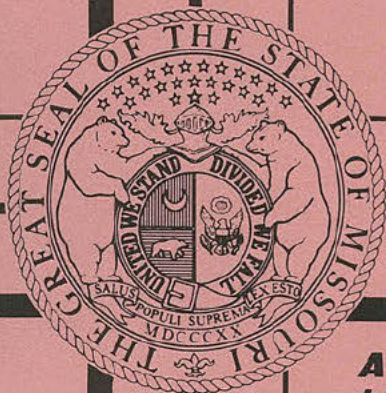
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Program Audit Report

PRISON INDUSTRIES PROGRAM
DIVISION OF ADMINISTRATION
DEPARTMENT OF CORRECTIONS
& HUMAN RESOURCES

MARCH 19, 1987



***A report to the Missouri General Assembly
by the Oversight Division of the Joint Committee
on Legislative Research***

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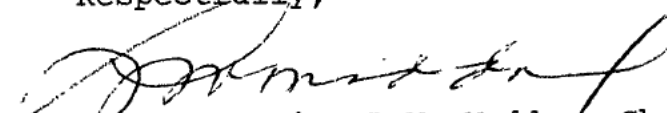
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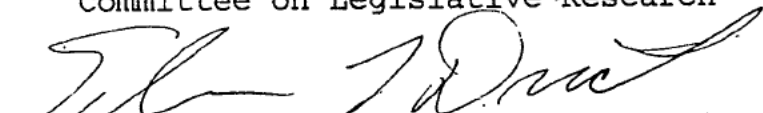
In accordance with the provisions of RSMo 23.190, the Joint Committee on Legislative Research is pleased to present this program audit of Missouri's Prison Industries Program, Division of Administration of the Department of Corrections and Human Resources. The audit was conducted by the Oversight Division pursuant to a resolution adopted by the Committee on April 24, 1986.

The report contains findings and recommendations for improving the operations of the Prison Industries and Services Program and the Prison Farm Program. The Department of Corrections and Human Resources' responses to the findings and recommendations have been included in the report.

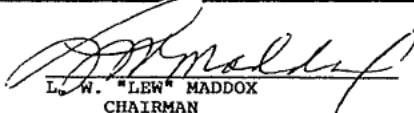
The Joint Committee on Legislative Research wishes to thank the Legislature for its support in 1986 and urges all members to avail themselves of the services of the Committee whenever the need arises.

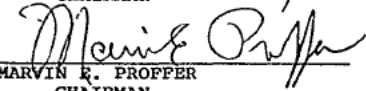
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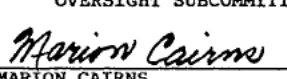

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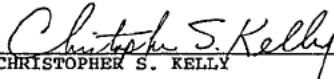

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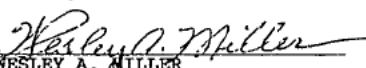

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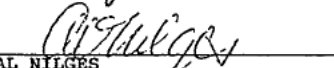

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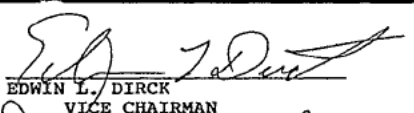

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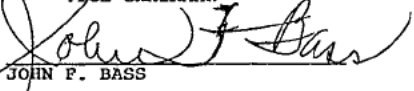

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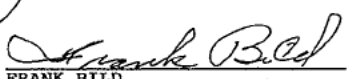

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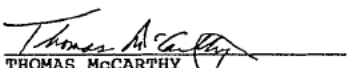

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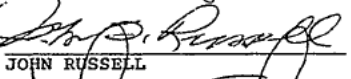

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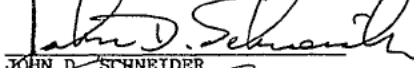

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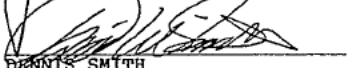

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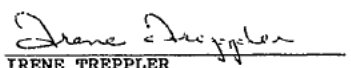

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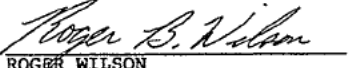

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PREFACE

The Oversight Division of the Joint Committee on Legislative Research was directed by Committee resolution to conduct a management and program audit of the Prison Industries and Services Program and the Prison Farm Program of the Division of Administration of the Missouri Department of Corrections and Human Resources. This report is in partial fulfillment of that resolution. A second report will follow after the Committee on Legislative Research, the Joint Committee on Correctional Institutions and Problems and the Senate Special Select Committee to Study Prison Industries have completed a review of this document, and if they determine a more focused-in-scope second report should follow.

According to 23.150, RSMo, the Oversight Division is responsible for conducting management and program audits of state government agencies.

Management and program audits provide feedback to the legislature and the state agencies on the effectiveness of specific programs. Staff from the Division conduct the audits to determine whether the state agencies are managing and utilizing resources in an efficient manner and according to legislative intent. The audits evaluate the performance of state agencies to determine whether the objectives of the programs are being achieved and the intended benefits are being realized. The audits may also address whether a program duplicates or conflicts with any other state program. In addition, the Division is assigned the responsibilities of providing fiscal research and analysis on legislation pending before the General Assembly.

On behalf of the Committee and the staff of the Oversight Division, I wish to acknowledge the Department of Corrections and Human Resources staff and in particular the staff of the Prison Industries and Farm Programs for their cooperation and assistance in providing much of the information used in this report.

Natalie Tackett

Natalie Tackett
Director, Oversight Division
March 19, 1987

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INTRODUCTION

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The Committee on Legislative Research directed the Oversight Division to undertake a study of the Correctional Industry and Service Program and the Prison Farm Program of the Division of Administration of the Department of Corrections and Human Resources. The Committee specifically requested that the Oversight Division look at the following areas: 1) whether the programs are being operated in the public interest, 2) to what extent have the programs been helped or hindered by existing statutes, 3) whether the programs are cost effective, and 4) whether practices of the Division and Department have affected performance of the programs.

PROGRAM DESCRIPTION

The Missouri Correctional Industry and Service program (MCI) is responsible for employing inmates in industries that provide goods and services to state agencies, state institutions and political subdivisions of the state. The specific purpose of the program as stated in Missouri Law (RSMo 217.560) is threefold;

(1) The training and employment of inmates in such job skills and tasks as will afford them the most favorable opportunities practicable for gainful employment upon discharge from the institution;

(2) The manufacture or provision, so far as practicable, of such articles or services as are, or may be, needed and used by a department, agency, or institution of the state or any political subdivision thereof;

(3) The servicing, maintenance, and repair, so far as practicable, of machinery and equipment used by any department, agency or institution of the state or any political subdivision thereof.

In addition to the purpose stated in the statutes, MCI has the goal of operating the program at a profit. The profits

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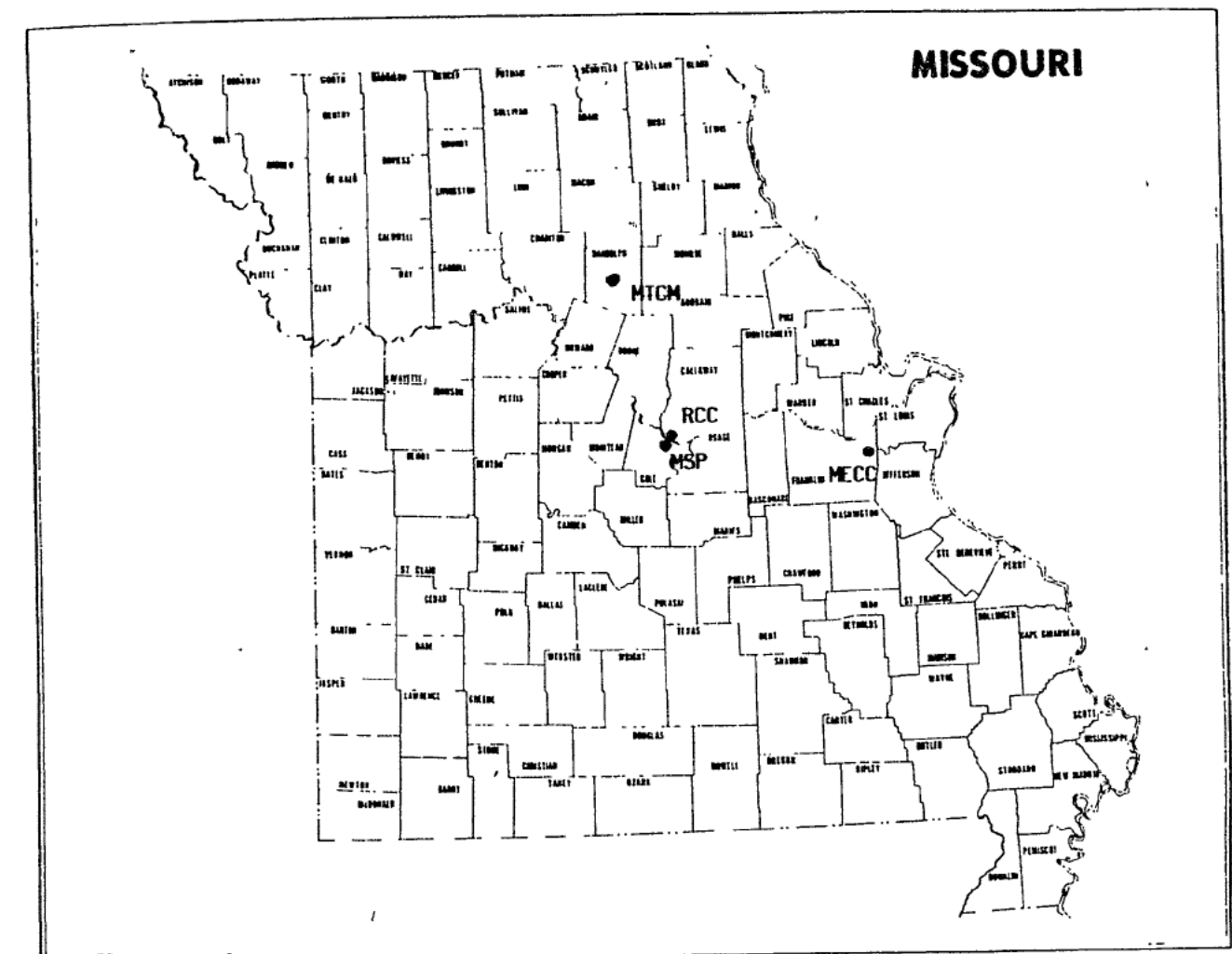
are to be used to reinvest and expand the industry's program. The program also has the goal of reducing inmate idleness.

The Missouri Correctional Industry Program currently operates 18 manufacturing and services programs. The farming program has been phased down significantly since 1984 and is examined in this report. The products and services produced through Correction Industry includes printing, data entry, custodial services, furniture manufacturing, furniture refinishing, graphic arts, shoe manufacturing, license tag production, chemical products, signs, laundry services, optical and dental services.

The Industry program is concentrated in four institutions. Exhibit 1 shows the location of the institutions that house industries and shows by institution the type of industry in operation. Exhibit 2 shows all the current correctional institutions in the state. The program employs approximately 900 inmates and 89 civilian employees. Correctional Industry employment by facility is presented in Table 1.

To assure input from persons in private manufacturing, organized labor, education and vocational rehabilitation, the legislature has established an "Industrial Advisory Board of Correctional Industry and Services Programs". The Board is to provide the division director with advice on proper industrial planning and programs for Correctional industry. The board also is to make recommendations concerning the services to be provided and the articles manufactured as well as recommendations for the economy and efficiency of production.

Several recent occurrences have significantly affected the Industry program. In 1982 Corrections was elevated to department status moving from under the Department of Social Services to the newly created Department of Corrections and Human Resources. New legislation that year allowed the



PRISON INDUSTRIES BY INSTITUTION

MTCM =Missouri Training Center for Men
 Print Chop
 Laundry
 Sign Shop
 Metal Products
 Plasmapheresis

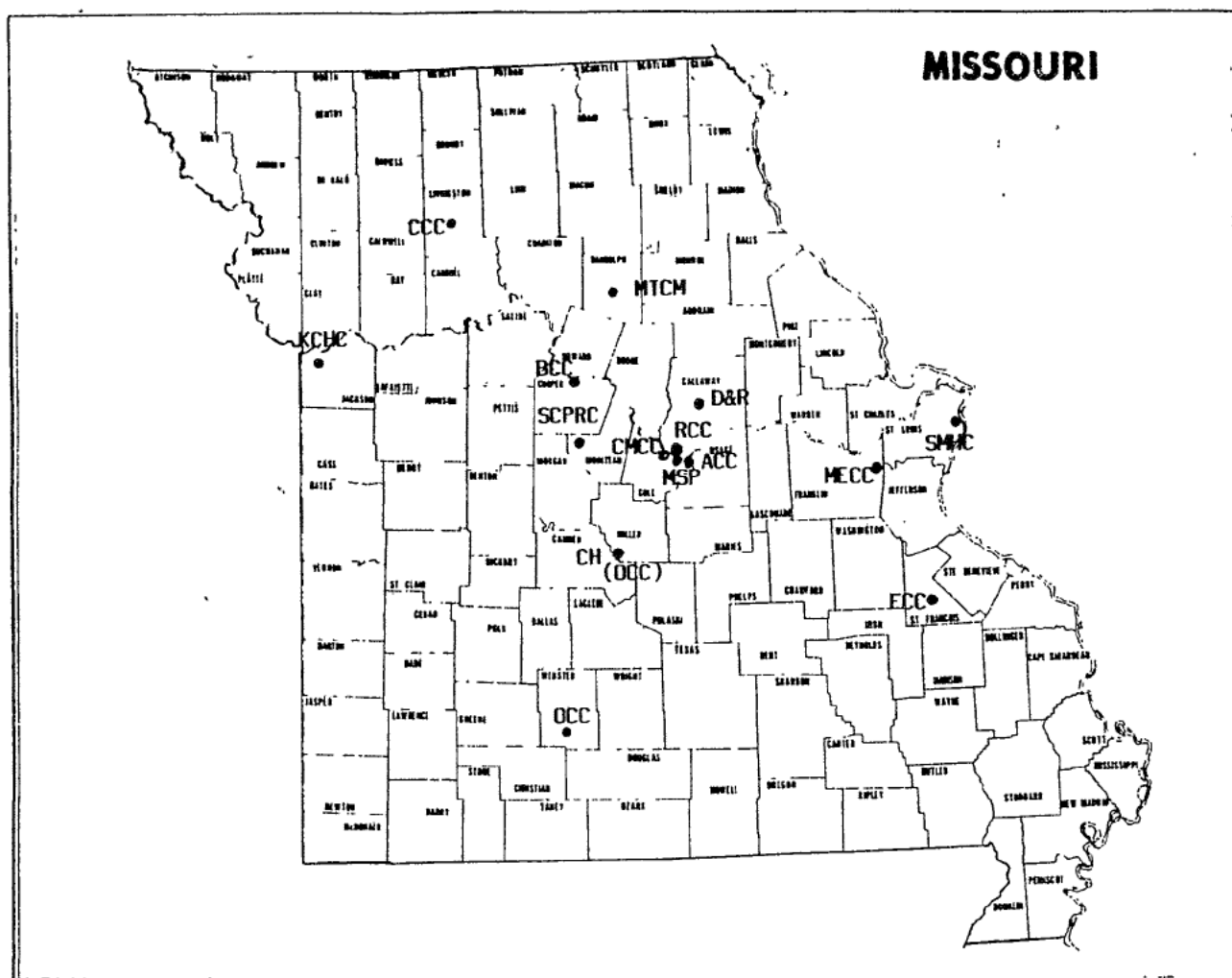
RCC =Renz Correctional Center
 Quick Print
 Data Entry
 Custodial Services *

MECC =Missouri Eastern Correctional Center
 Furniture Restoration

MSP =Missouri State Penitentiary
 Tag Plant
 Shoe Factory
 Chemical Products
 Dry Cleaning
 Graphic Arts
 Clothing Factory
 Furniture Factory
 Optical Lab
 Dental Lab

* The Renz Custodial Services industry also employs some inmates from the Algoa facility.

Source: Department of Corrections and Human Resources



MISSOURI'S CORRECTIONAL INSTITUTIONS

BCC =Boonville Correctional Center Location: Boonville Type: Custody Level 3	D&R =Diagnostic & Reception Center Location: Fulton Type: Intake-Custody Level 1-2-3-4-5
CCC =Chillicothe Correctional Center Location: Chillicothe Type: Custody Level 1-5/Female	ACC =Algoa Correctional Center Location: Algoa Type: Custody Level 3
RCC =Renz Correctional Center Location: Cedar City Type: Custody Level 2/Men Custody Level 3-4-5/Women	MSP =Missouri State Penitentiary Location: Jefferson City Type: Custody Level 5; L Hall Level 2
SCPRC =State Correctional Pre-Release Center Location: Tipton Type: Custody Level 2	MTM =Missouri Training Center for Men Location: Moberly Type: Custody Level 4
SMHC =St. Mary's Honor Center Location: St. Louis Type: Custody Level 1	OCC =Ozark Correctional Center Location: Fordland Type: Custody Level 2
CH(OCC)=Camp Hawthorne Location: Lake Ozark State Park Area Type: Custody Level 2	CMCC =Central Missouri Correctional Center Location: Jefferson City Type: Custody Level 2-3
FCC =Farmington Correctional Center Location: Farmington Type: Custody Level 3-4	KCHC =KaCee Honor Center Location: Kansas City Type: Custody Level 1
	MECC =Missouri Eastern Correctional Center Location: Pacific Type: Custody Level 4

Source: Dept. of Corrections & Human Resources

TABLE 1
INSTITUTIONAL POPULATION
AND MISSOURI CORRECTIONAL INDUSTRY AND FARM EMPLOYMENT
August 1986

Facility	Total Inmate Population	Number Employed in C.I.	Farm Employment	Percent of Inmates in Industries C.I. & Farms	Number of Industries and Farms
Algoa Correctional Center	1174	25	18	3.66%	2
Boonville Correctional Center	818				
Camp Hawthorne	29				
Central Missouri Correctional Center	1265	37	61	7.75%	3
Chillicothe Correctional Center	339				
Diagnostic Center	235				
KaCee Honor Center Female Male	176 16 160				
Missouri Eastern Correctional Center	960	58	0	6.04%	1
Missouri State Penitentiary	2128	332	0	15.60%	9
Missouri Training Center For Men	1789	363 *	0	20.29%	5
Ozark Correctional Center	405				
Renz Correctional Center Female Male	353 37 316	97	0	27.48%	3
State Correctional Pre-Release Center	206				
St. Mary's Honor Center Female Male	181 19 162				
Total Inmates	10058	912	79	9.85%	23

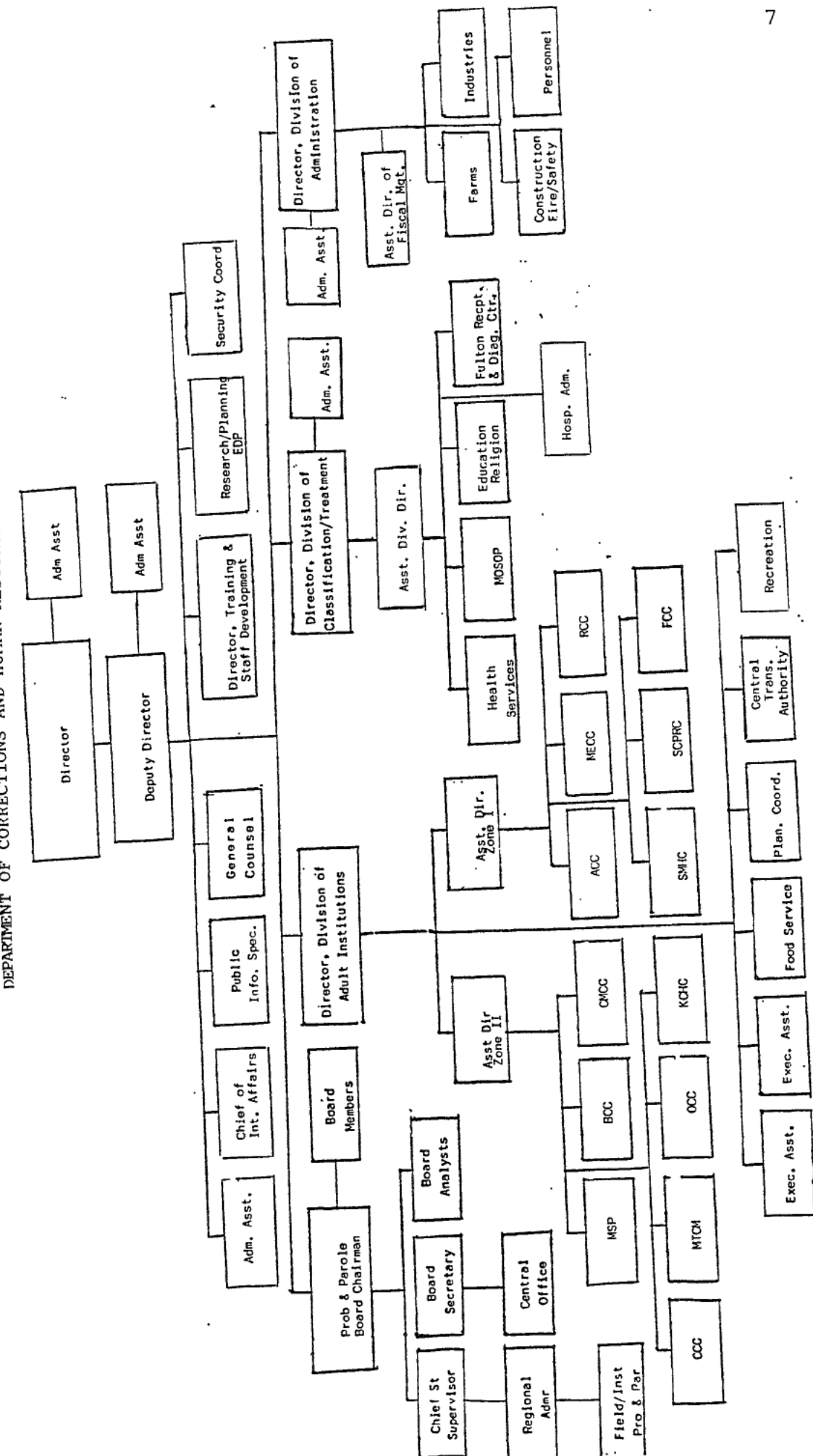
* These numbers do not include 482 inmates who were reimbursed for blood donations.

Source: Department of Corrections and Human Resources; Payroll records and Memo from Gail Hughes, Deputy Director, Division of Adult Institutions

In July of 1983, the Correctional Industry and Prison Farm programs were transferred from the Division of Adult Institutions to the Division of Administration. The Division of Administration currently is responsible for the administration of the correctional industry and farm programs along with the department-wide responsibilities of construction and maintenance, fiscal management and personnel. A department organizational chart is presented on exhibit 3 and a MCI organizational chart is presented on exhibit 4.

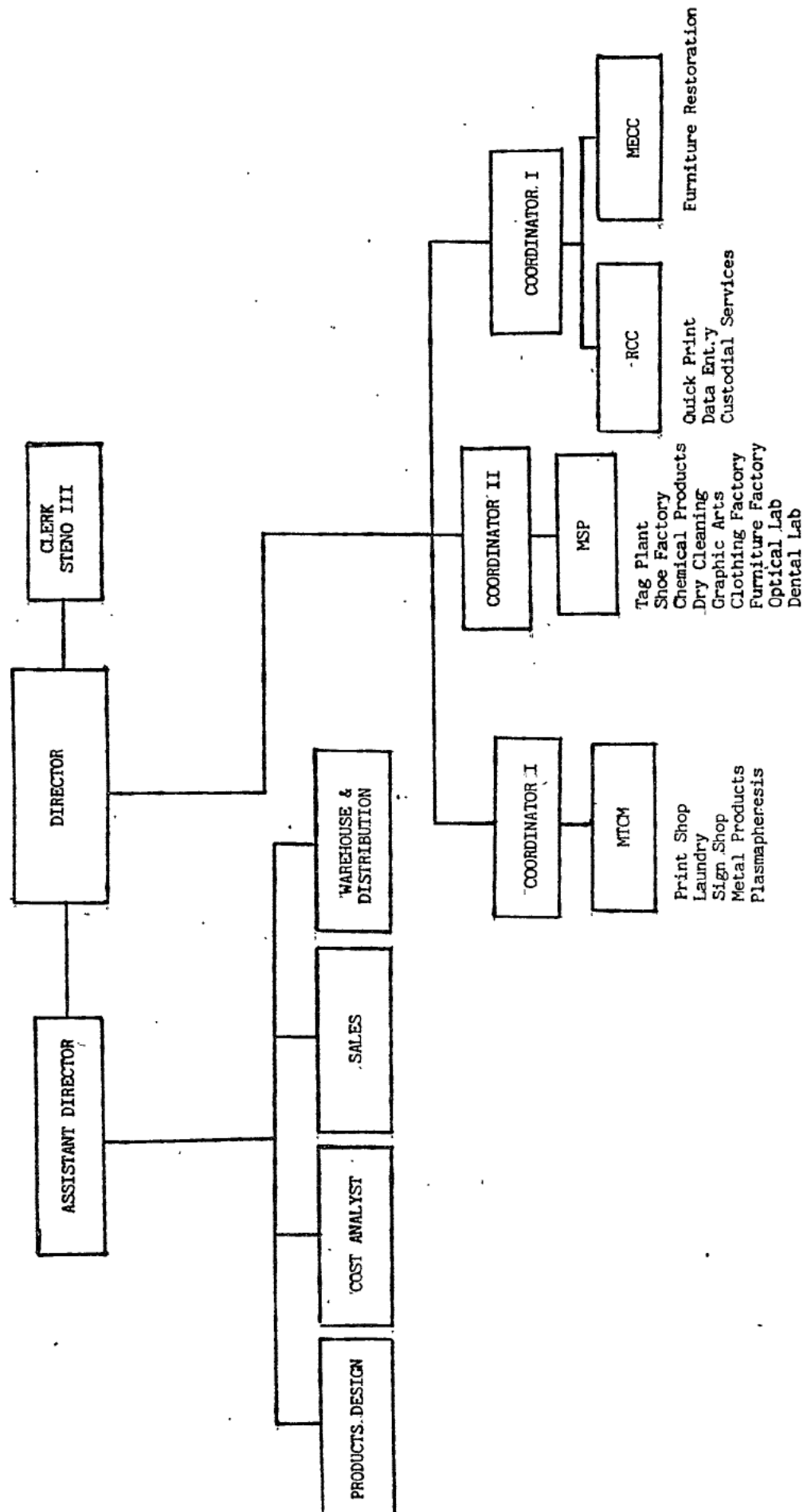
The Missouri Correctional Industry Program is funded through the Working Capital Revolving Fund. The fund was created in 1955 with the intent that the fund be self supporting. When the fund was originally established, any earnings that accumulated in excess of \$300,000 were transferred to the General Revenue Fund of the State. In 1969 the limitation was increased to \$600,000. In 1980 these provisions were eliminated and the fund was required to transfer one third of its earnings to the State General Revenue Fund. In 1982 all requirements that the Working Capital Revolving Fund transfer money to General Revenue were abolished with the passage of House Bill 1196 of the 81st General Assembly. The Bill also cancelled all the Fund's indebtedness owed to General Revenue. The Department is to operate the Fund on a self-sustaining basis. Operating surpluses from the Industry Program are to be deposited into the Fund and used to finance future operations and planned program expansion.

The Sale of MCI products is governed by Section 217.575 RSMo. MCI products may be sold only to the Department of Corrections; other state agencies, departments and institutions; political subdivisions of the state; and other



Source: Department of Corrections and Human Resources

Exhibit 4
DEPARTMENT OF CORRECTIONS & HUMAN RESOURCES
DIVISION OF ADMINISTRATION
MISSOURI CORRECTIONAL INDUSTRIES



Source: Department of Corrections and Human Resources

states. Open market sales may only be made in case of excess production and at prevailing market prices. This restructuring was adopted with the intent to prevent undue competition between the Correctional Industry Program and private enterprise.

A great number of the products produced by MCI are purchased by the Department of Corrections for the maintenance of inmates. For the fiscal year ending June 30, 1986, total sales of \$10,283,250 were reported by the industries and farm. Of this, \$4,069,939 or 39% was sold to the Department of Corrections. The three largest industries in terms of overall sales were the license tag plant, the chemical plant and the clothing plant. Each of these three industries have total sales in excess of one million dollars. Table 2 shows total sales and profits by factory and facility for fiscal year 1986.

PROBLEMS INHERENT TO PRISON INDUSTRY SUCCESS

Any evaluation of Correctional Industry must take into consideration problems that are inherent in employing inmates in a prison setting. In the prison environment, labor turnover is largely uncontrollable and employment levels can vary significantly resulting in loss of production. Operations are constrained by the correctional environment: Who is to make the final decision in the matter of work assignments - the superintendents or the factory managers? How is the working day arranged? Should school work come out of production hours or be confined to evenings? Inmates do not normally work and go to school. Prison Industries pays much higher wages than \$7.50 a month to go to school.

Correctional Industry often is expected to function in the same manner as private industry. Management must take into account all the ordinary economic factors such as availability of raw materials, accessibility of markets, freight rates on material and finished goods, size of capital outlay, climate and labor supply. Prison industry

TABLE 2

Correctional Industry Net Profit and Sales by Factory*
Fiscal Year 1986

<u>Factory</u>	<u>Facility</u>	<u>Profit</u>	<u>Sales</u>	<u>Percent Profit of Sales</u>
CLOTHING	MSP	\$ 313,307	\$1,374,339	23
GRAPHIC ARTS	MSP	256,363	526,739	49
CHEMICAL PRODUCTS	MSP	233,188	1,014,422	23
METAL	MOBERLY	171,300	992,566	17
METAL PRODUCTS	MSP	130,963	1,917,537	7
SHOE FACTORY	MSP	97,670	301,712	32
PRINT SHOP	MOBERLY	97,300	708,387	14
FURNITURE	MSP	59,373	747,108	8
PLASMAPHERESIS	MOBERLY	33,589	236,551	14
QUICK PRINT	RENZ	24,716	185,389	13
OPTICAL PRODUCTS	MSP	12,049	79,503	15
CUSTODIAL SERVICE	RENZ	11,541	202,809	6
CLEANING PLANT	MSP	1,687	28,623	6
DENTAL PRODUCTS	MSP	(1,871)	33,683	--
LAUNDRY	MOBERLY	(12,290)	483,886	--
DATA ENTRY	RENZ	(20,980)	94,470	--
FURNITURE RESTOR.	MECC	(31,883)	328,691	--
SIGN SHOP	MOBERLY	(63,788)	286,459	--
TOTAL		\$ 1,312,235	\$ 9,542,874	14

* These figures are unaudited by the Oversight Division and do not include farm sales.

Correctional Industry Profit and Sales*
By Facility for Fiscal Year 1986

<u>Facility</u>	<u>Profit</u>	<u>Sales</u>	<u>Percent Profit of Sales</u>
MSP	\$ 1,102,730	\$ 6,023,666	18
MOBERLY	226,110	2,707,849	8
RENZ	15,277	482,668	3
MECC	(31,883)	328,691	10
TOTAL	\$ 1,312,235	\$ 9,542,874	14

Source: Department of Corrections and Human Resources; Financial Statements: Working Capital Revolving Fund; June 30, 1986

* These figures are unaudited by the Oversight Division and do not include farm sales.

planning should similarly parallel the private industry process for market studies; product selection; organization of production, purchasing and sales analysis.

However, the goals and objectives of the Correctional Industry Programs are often conflicting which can make decision-making difficult. For instance, a move to more automated machinery might improve productivity, but reduce the number of inmates needed in the factory. As a result, the goal of increasing profits is accomplished at the expense of increasing the idleness of inmates. In addition, constraints are placed on operations by governmental requirements such as civil service, purchasing procedures, and appropriation procedures. These constraints, not placed on private industry, can cause Correctional Industry managers to act in ways not parallel to private industry and directly affects productivity.

AUDIT METHODOLOGY

A preliminary audit survey was designed to identify potential problem areas warranting additional review and to obtain information for use in planning and performing the detailed audit work. The audit survey included interviews with program management staff, a broad overview of statutes, procedures and structure of Missouri Correctional Industries, and review of current literature regarding prison industry programs.

Because of renewed interest in prison industry programs nationwide, a substantial amount of information was available regarding standards and direction for prison industries. Three national publications which provided a basis or criteria for evaluating Missouri's Correctional Industry Program were:

National Conference on Prison Industries Discussions and Recommendations (June 1986)

This report was prepared by Chief Justice Burger's National Task Force on Prison Industries. The report outlines 50 recommendations for strengthening, expanding and modernizing prison industries across the country.

Guidelines for Prison Industries January (1984)

The National Institute of Corrections developed this guidebook as a resource document on state prison industries. The guidebook is intended for correctional administrators and for those decision-makers outside of corrections whose decisions have an impact on corrections.

Standards for Correctional Industries (June 1981)

This publication by the American Correctional Association is designed as a reference service for agencies operating or planning to operate correctional industry programs.

In addition, a Vocational Training and Industry Survey which was contacted by the Department of Corrections and Human Resources with the consulting firm of Ernst and Whinney was utilized for this audit.

Specific Oversight activities include:

- o Interviews with Central Office Staff
- o Interviews with shop managers and coordinators
- o Surveys of purchasers and potential purchasers of prison industry products and services. Approximately 229 survey responses were tabulated and analyzed. Surveys were sent to 500 purchasers as follows:

Schools	148
County Officials	122

Cities	100
State agencies	90
Public libraries	<u>40</u>
TOTAL	500

- o Interviews with 17 purchasing agents for state government.
- o Surveys of other state prison industry programs throughout the country. Thirty-one states responded to the survey.
- o Reviews of census data on expenditures of political subdivisions. Expenditure data was also taken from reports by the State Library and the Department of Elementary and Secondary Education (for public schools).
- o Reviews of FY 86 job order files and shipping transcripts from these factories were reviewed to identify certificates of availability and complaints.
- o Interviews with House and Senate Appropriations staff.
- o Reviews of quality control procedures from other states.
- o Interviews with supervisors of inmates who are not employed in prison industries in two facilities.
- o Comparison of factory ledgers with central office sale logs.
- o Reviews of price quotations and formulas.
- o Reviews of status of farm closedown and problems leading to the closedown of prison farms.
- o Reviews of factory ledgers from FY86 to determine paid hours and production hours of inmates.

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FINDINGS AND RECOMMENDATIONS

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FINDING 1. Missouri Correctional Industries management has failed to establish any viable quality assurance system. There is no viable system to record complaints and no systematic inspection of the products by qualified or knowledgeable persons.

Auditors were unable to determine how good MCI product quality is because MCI staff collect no data concerning product quality. There are no viable written quality control procedures in any of the MCI factories. There is no monitoring system in place at any institution or at the central office to oversee product quality. Central office management and MCI coordinators in each institution stated that they personally tour the factories from time to time in an effort to oversee product quality. Such tours constitute the only basic attempt by MCI to control quality.

Customer complaints are an indication as to whether major problems exist with product quality. MCI has no policy or procedure for keeping track of customer complaints. There are no complaint logs used in the program. No management staff person monitors customer complaint processes and/or resolution.

The only written complaints the auditors found were those handwritten notes made by members of the MCI sales staff on their order forms. All orders are filed by name of purchasing agency making it difficult to analyze complaints.

In Missouri, the quality control function is assigned to the Director of MCI. The Director did meet with factory managers and truck drivers on January 10, 1986, placing quality control with his truck drivers for this function. The minutes of this meeting indicate he verbally stated that

improving product quality was a high priority. Truck drivers were told that all goods were to be inspected before loading and they were to refuse to load any item they did not believe was of good quality. The minutes further stated that the central office would keep logs on each one of the drivers which would list damages that occurred on his truck.

However, Oversight auditors determined that truck driver logs are not kept up-to-date or reviewed by management. Auditors' interviews of all MCI Coordinators indicated that all quality control needs to be improved.

Auditors reviewed all handwritten complaint notes made on FY 1986 orders by the central office staff. The results of this study can be seen in Appendix A. It should be remembered that, although the number of complaints auditors discovered is very low both overall and in specific factories, these are not all complaints registered in FY 1986. They are merely the only written ones auditors could locate. MCI officials admit they have no statistics indicating what their product rejection ratio may be, or how product quality in FY 1986 compared to product quality in any other time period.

Oversight auditors conducted a Purchasing Survey of 500 Correctional Industries customers. (See Appendix B.) Out of 228 respondents:

- o 28 respondents or 12% indicated they would rather purchase goods from private industry in order to obtain better quality products.
- o 49 respondents or 21% indicated they had returned or refused to accept a purchase because of poor quality.
- o 33 respondents or 14% indicated they had returned or refused to accept a purchase because of damages to the product.

- o 24 respondents or 11% indicated they would be enticed to purchase more Prison Industries goods if they were of better quality.
- o 20 respondents or 9% felt Prison Industries products are of better quality than similar products from private sources.
- o 130 respondents or 57% felt MCI products are of the same quality as private industry.
- o 20 respondents or 9% felt MCI products are of worse quality than private industry.
- o 27 respondents or 12% expected a better product from MCI as opposed to private sources.
- o 145 respondents or 64% expected the same product from MCI as from private industry.
- o 11 respondents or 5% expected a worse product from MCI than from private industry.

Good management practice demands controls over quality as well as quantity in order to ensure cost-effective use of resources. Standards for Correctional Industries published by the American Correctional Association (ACA) state that each industry's operating unit should have a written quality control procedure which provides for raw material, in-process and final product inspection.

The ACA publication continues:

Quality control plans should stress periodic inspections during creation of the product as well as a final inspection of the finished product. A quality control plan also must include product specifications and tolerances or dimensions as well as production techniques. Use of mechanical devices such as gauges, sizing boards and color chips should be used where appropriate. Quality control records should be maintained and used for

training purposes. There may be 100 percent, random or statistical sampling production inspection.

The result of not inspecting goods to reject defective items before they reach the customer results in customer dissatisfaction which can affect an agency's willingness to purchase MCI products in the future. By not establishing any viable quality control system, management can never measure how good or bad its products are.

RECOMMENDATIONS:

- 1.A. MCI should design a quality control recording and reporting system to enable management to monitor quality assurance efforts and success in providing problem-free products.
- 1.B. MCI should ensure uniform reporting of customer complaints and centrally collect and analyze reported complaints.

Of 32 states responding to Oversight's State Prison Industries Survey, 8 have written quality control procedures (see Appendix C for New Mexico's and Nebraska's quality control procedures).

- 1.C. MCI should consider using customer return cards to encourage feedback about satisfaction with product quality and other matters.

The Federal Prison Industry's Corporation (UNICOR) uses a standard survey card for all of its products and services. Its card solicits customer satisfaction on (1) whether the item was provided on time and (2) the condition or quality of the provided item. There is space for the customer to provide additional comments if desired. The cards are returned to the same place which will facilitate an industrywide count of customer responses and the identification of recurring or systemic problems. Also, cards have sections for

identifying the specific product, factory and job as well as the responding customer. These cards will easily identify problem areas and any needed follow-up with the customer. Also, UNICOR sequentially numbers all cards and has the factories maintain logs on the cards distributed to customers to better assure that factories include customer cards with the product.

The information provided by these customer satisfaction cards could be analyzed by product to precisely determine where quality may need to be improved.

- 1.D. MCI should require inspection of products in every industry and hold the inspectors accountable for enforcing pre-determined standards. Policies, standards, procedures and forms should be developed and data collected and analyzed by top management.

An example of one kind of inspection checklist can be found in Appendix D. This draft was submitted by a MCI employee in the Production Design Unit in January 1983. This form was never used, nor was any other form used.

- 1.E. The Federal Prison Industries Corporation (UNICOR) has an ongoing quality assurance program which we recommend be studied by MCI. It includes having product division and factory staff function as quality assurance managers; developing drawings or specifications for all products; setting policies, procedures and responsibilities in division and factory quality assurance manuals; maintaining an inspection system using factory quality assurance managers and inmate inspectors; warranting the products; and recording customer complaints.

UNICOR has a policy requiring factory quality assurance managers to keep a log of complaints, assess the impact on current products and take steps to prevent recurrence of similar problems. UNICOR's marketing division has been assigned the responsibility of

staying abreast of customer complaints on an industrywide basis. A standard complaint form is used to facilitate uniform reporting by product and factory.

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FINDINGS AND RECOMMENDATIONS

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FINDING 2. The inordinate length of time that the Missouri Correctional Industries Program takes to deliver orders has resulted in customer dissatisfaction and loss of sales.

Because of a lack of warehouse facilities and product forecasting, MCI products are only produced after they have been ordered causing long delays before customers receive the finished product.

State statutes (RSMo 217.575.2) provide that state agencies may buy products from suppliers other than MCI if MCI cannot provide the products within 90 days.

The National Institute of Corrections Guidelines for Prison Industries has set a standard of a maximum of sixty days for prison industries to deliver orders.

The consultant group of Ernst & Whinney conducted a customer survey study for MCI. The survey indicated that a great deal of revenue is lost each year due to DOCHR's inability to deliver products on a timely basis. Their report found that "up to \$130,000 in wood furniture and metal products revenues will be lost this year (FY 86) alone due to DOCHR's inability to deliver products within 90 days". This does not include the lost orders and revenues because the customer wanted a less than 90 day delivery.

A sample of customer orders indicates that the average number of days before an order was delivered for products produced at the Moberly metal plant was in excess of 92 days. The average amount of time to deliver products from the Missouri State Penitentiary wood furniture factory was over 60 days as shown in Table 3.

TABLE 3

Industry	Period Sampled	No. Orders Sampled	Average No. Days in Factory	Average No. Days in Sales	Av. Days in Ware-House	Average Total Days to Delivery
MSP-Wood	Jan.-June 1986	101	46	4.6	8.9	60.4
Moberly Metal	FY86 orders shipped	276	76.33	5.5	9.1	92.7

Of the 276 orders sampled at Moberly Metal Factory, there were 88 orders that extended over 60 days before customer delivery.

Of the 101 orders sampled at MSP Furniture Factory, there were 44 orders that extended over 60 days before customer delivery.

Oversight auditors conducted a Purchasing Survey among a sample of MCI customers (see appendix B).

Out of 228 respondents:

Twenty-nine percent of state respondents indicated they were not satisfied with the timeliness of delivery of MCI products or services.

Thirty-one percent of state respondents indicated they would rather purchase goods from private industry in order to receive faster delivery.

More than one quarter (26%) of state respondents would buy more if deliveries were faster. Forty-three (19%) of state and local government respondents indicated they would be enticed to purchase more MCI goods if there were faster deliveries.

Respondents from state agencies to the survey had the following comments regarding the delivery time of prison industry goods:

"delivery takes up to six months";

"pickup and delivery is very slow, we have invoicing problems";

"delivery time too slow - delivery schedules not met";
"it takes extremely long, six months, to receive some requisitions";

"would purchase more if we had faster delivery";

"comparable items from private vendors for office equipment seems to be of better quality, lower price and have faster delivery"; and

"sometimes items such as chairs, file cabinets are of better quality and faster delivery (in the private sector)".

Local government purchasing officers stated:

"when we order sign material we need the material usually within 7-10 days. With prison industries we have to wait for sometimes over a month"

"the delivery time from Missouri Correctional is generally much longer than private industry".

Seventy-one percent of all Certificates of Availability (waivers from purchasing from MCI) issued to state agencies in FY 86 were because MCI could not meet the delivery date requested by the customer.

Physical distribution is an important variable in a marketing strategy, in that it can decrease costs and increase customer satisfaction. In fact, speed of delivery, services and dependability are often as important to buyers as cost. Additionally, customers are inconvenienced by long waits for products ordered through MCI. As one survey respondent said:

"its hard to foresee a need in advance far enough to buy from prison industries".

One comment from the survey conducted, by the consulting firm of Ernst and Whinney for MCI stated:

"The only complaint we might have with DOCHR products is the length of time to receive them -- often 4-6 months. Many state agencies are reluctant to use DOCHR because of the delays -- a new employee needs a desk on their first day -- not 2, 3, 4, 5 or 6 months later."

RECOMMENDATIONS

- 2.A. MCI should implement formal production planning and forecasting. Such planning should include utilization of historic information and regular and frequent contact with major customers to determine their anticipated need for Correctional Industry's products. Correctional Industry should use the information to build products and warehouse them so they will be ready for delivery when ordered.

With respect to wood and metal furniture there is a basic demand cycle which could facilitate forecasting and production planning. For example, historically, State agencies tend to place the majority of their orders for equipment towards the end of the fiscal year. This is one factor which could be taken into consideration in planning for production.

Forecasting and production planning would result in a reduction in the delay of filling orders. Filling orders from stock would increase the number of orders that MCI could fill and increase customer satisfaction. Such planning would also provide for optimum inventory levels for the prompt filling of orders.

FINDINGS AND RECOMMENDATIONS

- FINDING 3. MCI does not track orders to ensure that customers are informed of delays in delivery although a weekly status report is provided to the central office by each factory.

Competent management practices dictate that production staff be held accountable to promised delivery dates. Even though MCI has a statutorily captive market, customer service should receive a high priority. This is especially necessary in light of MCI's current practice of not enforcing the statutory requirement that state agencies purchase MCI products (see finding #12).

Auditors found that in FY 86 of those orders which had a promised delivery date, 27 percent of the wood furniture deliveries did not meet the promised delivery dates, 28 percent of the furniture restoration orders did not meet the promised dates, and 47 percent of the metal factory orders did not meet the promised delivery date.

A sample of orders taken from the central office files was used to compare the promised delivery date with the actual delivery date. Most orders for the wood factory, metal factory and furniture restoration factory had a time indicated for delivery such as 60 to 90 days or 30 to 60 days. Auditors took the longest time indicated as the promised date.

RECOMMENDATIONS

3.A. MCI should establish guidelines and monitor the length of time an order remains in a factory or the warehouse. The weekly status report should be utilized to identify those orders which are delayed or will be delayed and inform the customer of the delay. Correctional Industry managers should study why delays occur and for what products. This information should be utilized to avoid future delays.

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FINDINGS AND RECOMMENDATIONS

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FINDING 4. Most of Missouri's Correctional Industry shops are not maximizing the use of their present inmate labor force. The practice of featherbedding (hiring more inmates than the job requires) is prevalent in MCI factories.

According to MCI's own records of inmate production hours and as shown on Table 4, only 30% of total inmate paid hours in the past three fiscal years were reported as hours spent producing goods.

Correctional Industry's cost accountant's ledger reveals the following percentage breakdown of inmate production hours to inmate paid hours for all shops reporting actual production hours in FY 86 (see Exhibits 5 through 12 for details):

MSP wood furniture	27%*
MSP chemical factory	57%
MSP clothing factory	55%
MSP license plate	28%
MECC furniture restoration	15%
MTCM metal shop	26%
MTCM print shop	25%
MTCM sign shop	26%

These percentages represent direct production hours except in the wood furniture factory. In an attempt to include nonproduction hours, the wood furniture factory estimated the time of clerks, porters and storekeepers. This estimate of indirect labor hours only amounted to five percent of that factory's total paid hours.

* This percentage includes hours paid to inmate clerks, porters and storekeepers.

TABLE 4
MISSOURI CORRECTIONAL INDUSTRIES
INMATE PRODUCTION HOURS VS. PAID HOURS

PRISON INDUSTRY	FISCAL YEAR	TOTAL INMATE PAID HOURS	PRODUCTION HRS.WORKED	PER-CENT
Wood Furniture (MSP)	FY 1985	106,673	* 44,245	41%
	FY 1986	100,788	* 27,457	27%
Soap Factory (MSP)	FY 1984	31,154	13,028	42%
	FY 1985	36,378	17,051	47%
	FY 1986	37,809	21,591	57%
Clothing Factory (MSP)	FY 1984	89,236	61,254	69%
	FY 1985	114,232	58,020	51%
	FY 1986	117,734	65,299	55%
License Plate and Tab Plant (MSP)	April 1985-- June 1986	143,657	40,905	28%
Furniture Restoration (MECC)	FY 1984	92,447	18,254	20%
	FY 1985	90,798	25,200	28%
	FY 1986	88,461	13,601	15%
Metal Furniture (MTCM)	FY 1984	205,930	36,829	18%
	FY 1985	179,978	35,007	19%
	FY 1986	221,093	56,728	26%
Print Shop (MTCM)	FY 1984	81,530	12,800	16%
	FY 1985	76,828	12,119	16%
	FY 1986	82,523	20,659	25%
Sign Shop (MTCM)	FY 1984	31,161	9,168	29%
	FY 1985	30,687	7,415	24%
	FY 1986	30,847	7,967	26%
Totals		1,989,944	604,597	30%

* These hours have been reduced by the number of hours paid to inmates who held non-production jobs such as clerks, porters and storekeepers.

NOTE: The "Production Hours" (except for wood and shoe) do not contain: inmate clerical time; inmate time spent on maintenance; inmate time spent on machine set-up; inmate janitorial time; inmate material handling time; inmate time spent doing anything else that does not directly relate to production.

Source: Correctional Industry Cost Accountant Ledger

EXHIBIT 5
INMATE PAID HOURS VS.
INMATE PRODUCTION HOURS
MSP FURNITURE FACTORY
FY 1985 - FY 1986

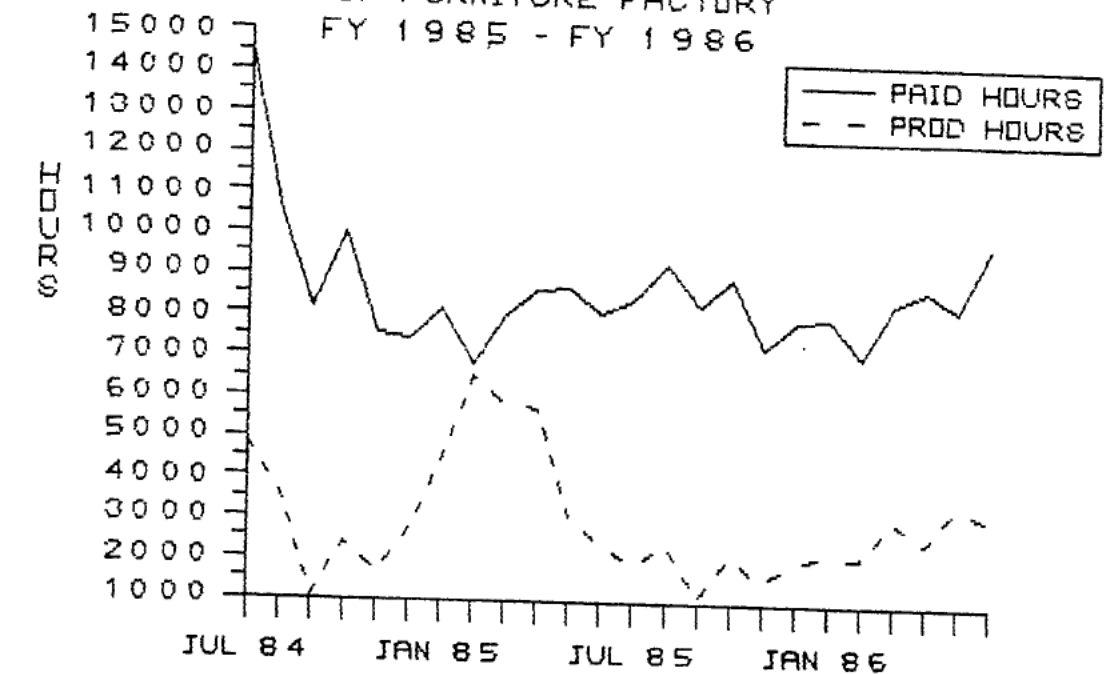


EXHIBIT 6
INMATE PAID HOURS VS.
INMATE PRODUCTION HOURS
MSP SOAP/CHEMICAL FACTORY
FY 1984 - FY 1986

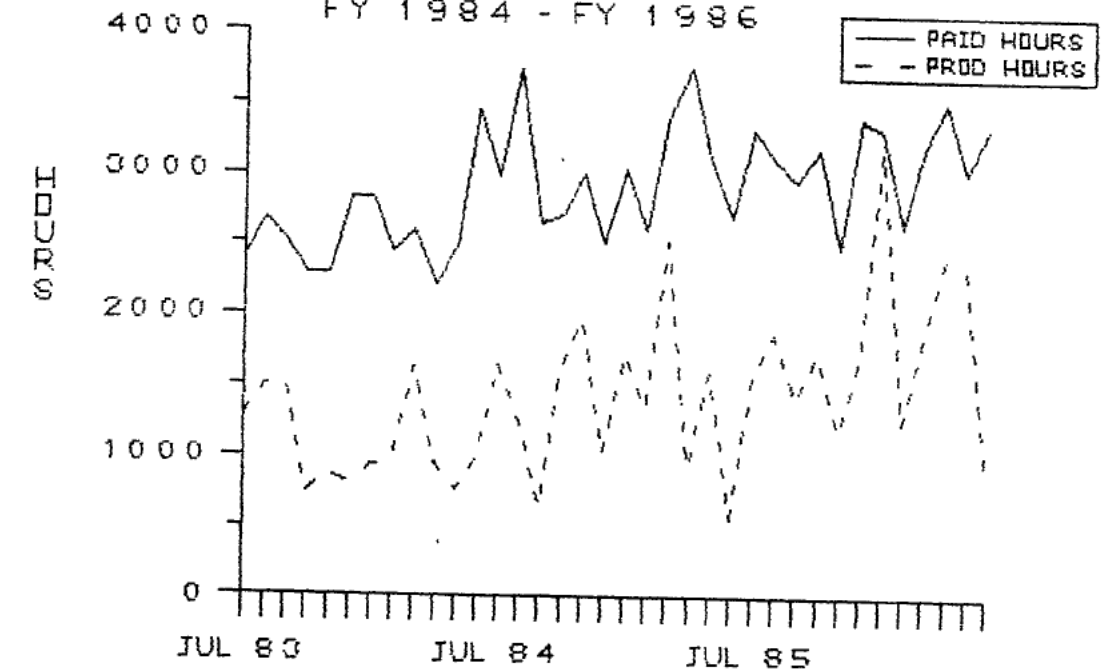


EXHIBIT 7

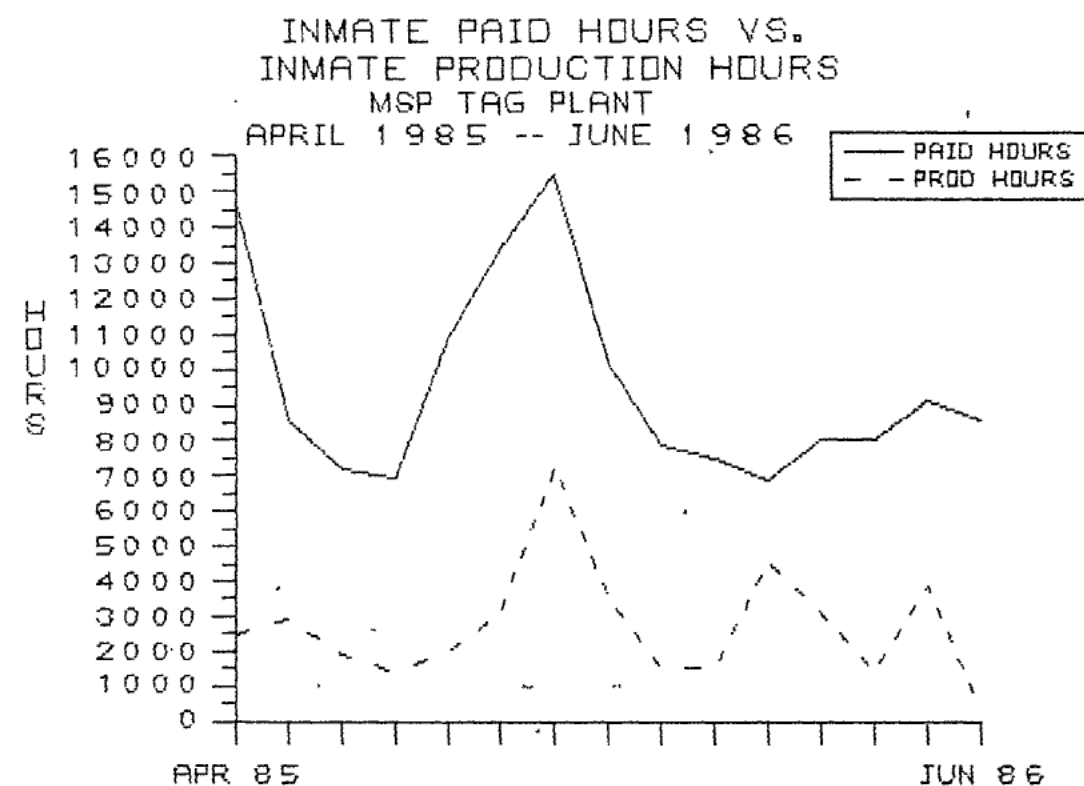


EXHIBIT 8

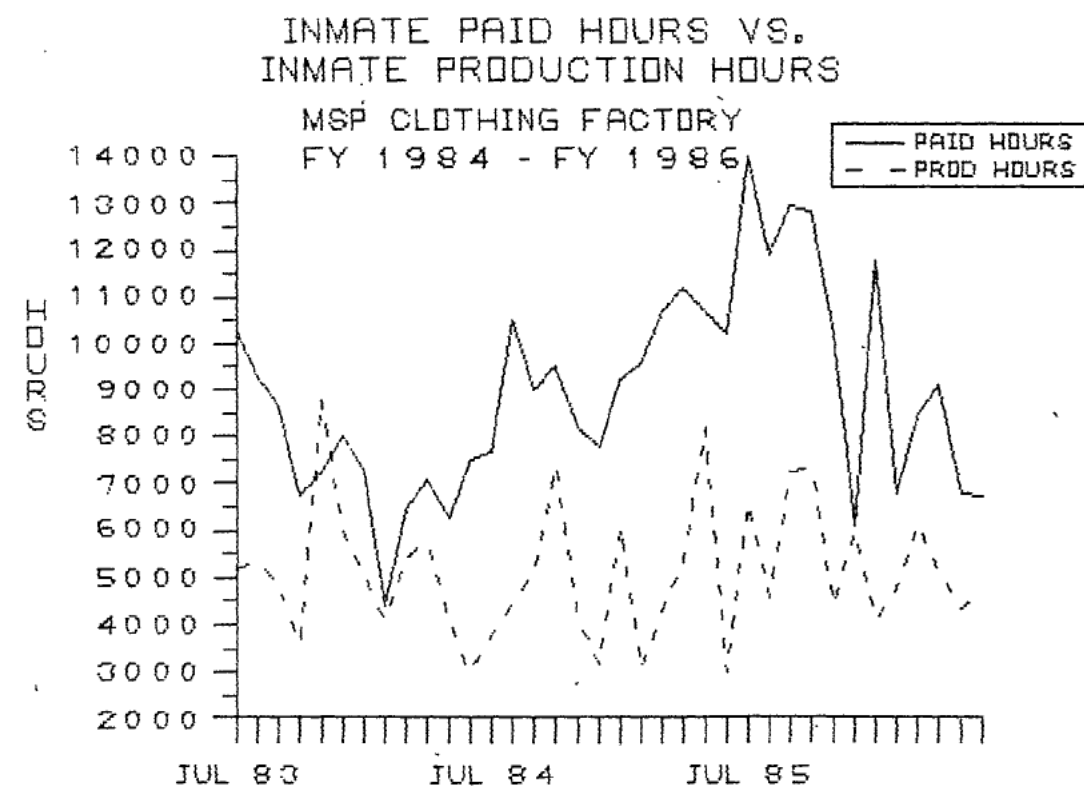


EXHIBIT 9

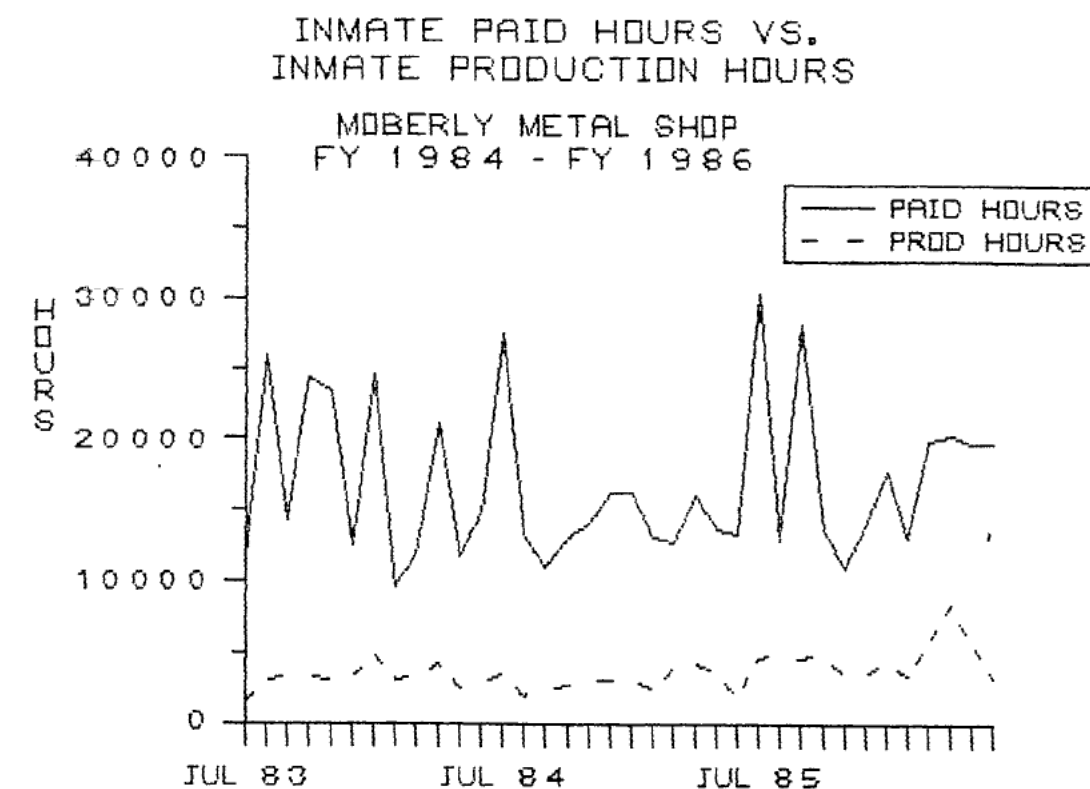


EXHIBIT 10

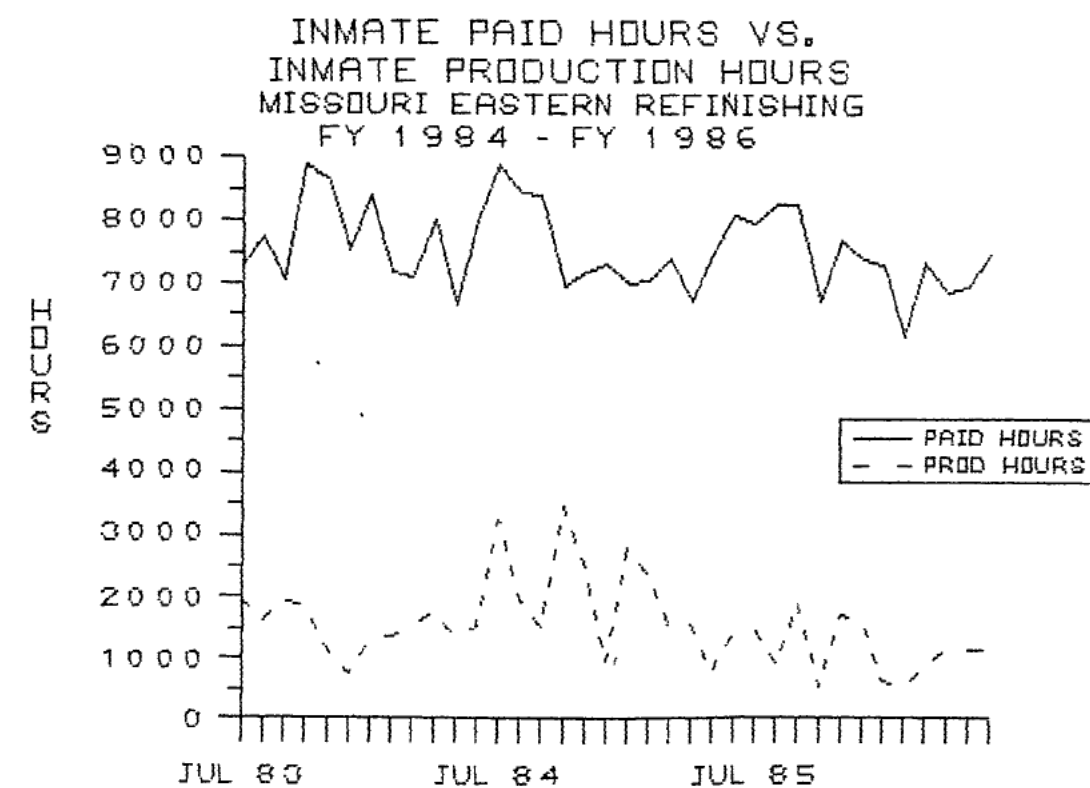


EXHIBIT 11

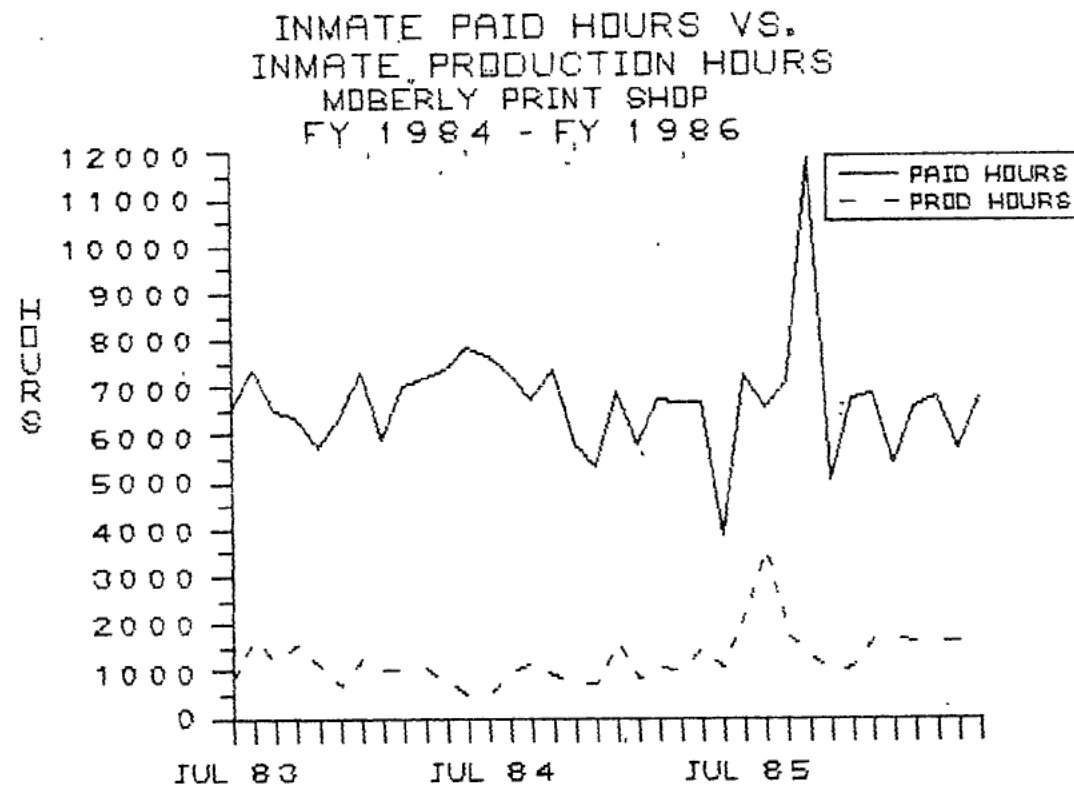
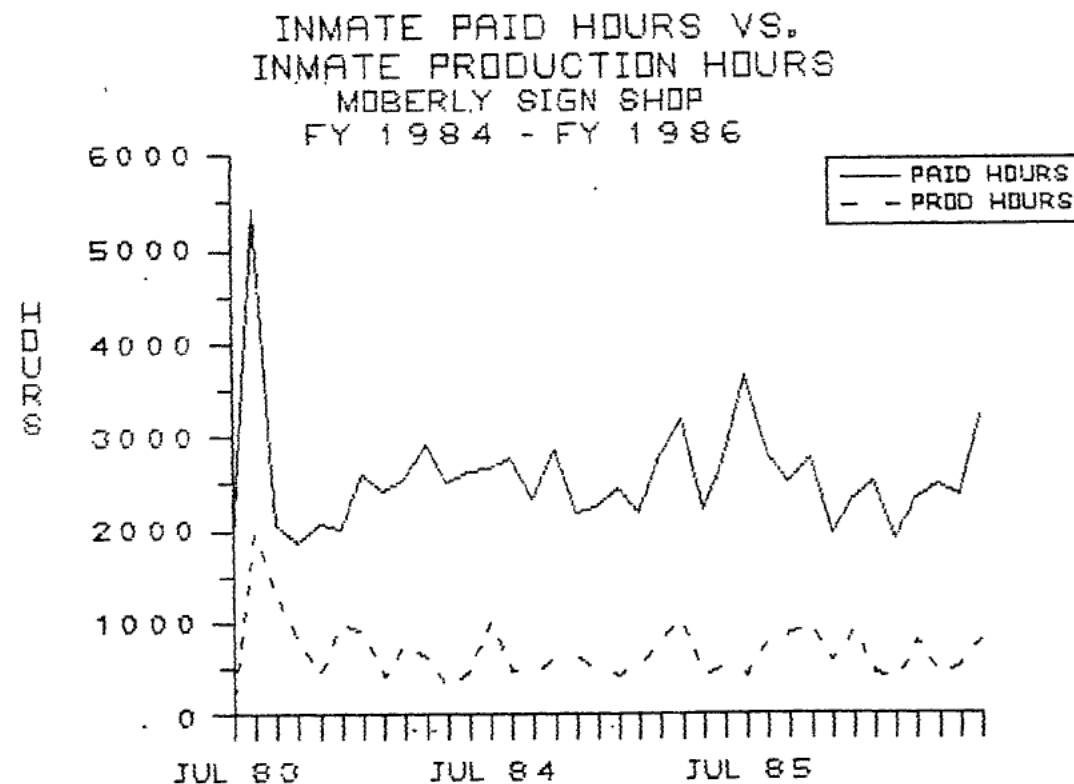


EXHIBIT 12



The manager of the shoe factory assigned all paid hours as production hours and therefore there is no exhibit or analysis included for the shoe factory.

Even taking into consideration an average of five percent paid hours as indirect hours, a large gap still exists between production hours and paid hours in all shops. Overall in FY 86, a 69% gap exists between paid hours and direct production hours. This is reduced to 64% if the five percent indirect time is taken into consideration.

These significant discrepancies in the low number of production hours compared to the number of hours inmates were paid can, in part, be explained by MCI's practice of featherbedding (hiring more inmates than are jobs to be filled).

Missouri Correctional Industry coordinators admit to featherbedding in their shops. One coordinator stated MCI has put:

... "more importance on employing inmates than on efficiency . . . For the same reason, we don't have layoffs. If our workload is down, we keep the inmates in the factories anyway. If we want to cut down on non-essential indirect labor and idle time, we must adjust our workforce to our workload."

The reason for featherbedding was explained by one of Missouri's Correctional Industries Coordinators when he stated:

"Some managers overhire and maintain more inmates on the job than needed to efficiently complete the work. This is done to insure sufficient workers at all times to cover a loss of workers due to sick call, hospitalization, unannounced transfers to other institutions, and loss of workers due to fights, stabbings or violations."

Another Prison Industries coordinator explained:

"We hire too many inmates because we need to constantly train replacements. Inmates will be transferred out on a 24-hour notice. We need to hire extra inmates for key jobs anyway, because

visits, counseling, canteen spending, and many other activities are done during working hours so we really don't know when the inmate will be in the factory."

Efficient use of manpower results in more inmates receiving training and rehabilitation potential. The goal should be to keep all production lines busy during the entire work day. Little purpose is served by transferring idle prisoners out of the general population into prison industry shops where they will also be idle.

MCI's own published policies states that "Missouri Correctional Industries will require inmates to work a normal 8-hour day. THE PACE OF PRODUCTION AND THE NUMBER OF INTERRUPTIONS WILL BE SIMILAR TO THAT FOUND IN PRIVATE INDUSTRY."

MCI published goals also include "to provide employment for inmates which will encourage them to develop favorable attitudes and useful skills". Oversight auditors found no evidence that a formal assessment or evaluation of this goal had ever been done or had ever played a significant role in MCI's programs.

The published goal which has most influenced MCI is clearly "to operate the various enterprises so efficiently as to generate profits sufficient for modernization and renovation of the plant as well as research and development of new goods and sources."

The National Task Force on Prison Industries, published its latest report in June 1986. (See Appendix E for full report). The report stresses that prison industries should strive to create a "business-like atmosphere". It sets a standard for removing practices that create "make-work" and featherbedding and states that "the emphasis should be on productivity". Also, "as nearly as possible, the workday should approach eight hours; second shifts should be used as needed".

Missouri's law and Correctional Industry goals are consistent with the Task Force's focus. Chapter 217.560 RSMo states an objective of the MCI program as ". . . training and employment of inmates in such job skills and tasks as will afford them the most favorable opportunities practicable for gainful employment upon discharge from the institution."

Guidelines for Prison Industries, a report of the National Institute of Corrections published by the U.S. Dept. of Justice in 1984, recommends that state correctional institutions make efforts to schedule inmate's non-work activities during evening hours to minimize disruptions to industry programs.

As stated earlier in this report the Prison Industries practice of only producing items after they have already been ordered (known as build-to-order) creates an extremely uneven and inefficient production workload (see production graphs in Appendix F). For example, agencies usually place large orders just before the fiscal year ends in order not to lapse any equipment funds in their appropriation. This end of the year rush causes an overload on MCI factories and results in lost sales, poor quality and longer delivery waits because items are not in stock.

The Ernst and Whinney study of MCI concluded that in addition to increased sales and customer satisfaction, warehousing high volume products would have other benefits. By building to inventory, the industry work load could be more easily balanced, reducing the swings between slack times and rush periods. Some new jobs for inmates might be created involving inventory control, order processing, cycle counting and warehouse management.

The effect of Missouri's Correctional Industry practices of featherbedding and only producing when orders are placed, causes inmate idleness in the shops, limits the job training experience for those workers in the shops and limits the need for product expansion thus cutting off access for additional inmate workers to receive this kind of employment training and keeping them idle in the general population. Such practices also deters Correctional Industries Program from reaching its production and profit potentials.

RECOMMENDATIONS

4.A. Missouri Correctional Industries program should obtain suitable warehouse space to store finished goods. MCI should maximize their present inmate labor by distributing workload evenly throughout the year. This can be done by:

- a) Forecasting product demand. MCI could use historical information which could be combined with sample forecasting techniques to provide the basis for determining future production needs.
- b) Build products to inventory and then fill orders from inventory.
- c) Increase marketing efforts for products that do not sell as projected.

4.B. A system for processing orders and controlling inventory would be necessary. Warehousing popular items would increase sales and allow more inmates to participate in industry and warehousing. The Oversight Division conducted a state survey which shows 19 of 31 states responding to the survey currently have such warehouses. Arkansas' furniture manager has indicated he likes to keep \$30,000 worth of saleable inventory on hand.

FINDINGS AND RECOMMENDATIONS

FINDING 5. Inmate idleness is a significant problem in Missouri penal institutions. Presently Missouri Correctional Industries employs only about ten percent of the total inmate population.

Expansion of prison industries employment could help reduce the number of inmates who have little to do and could provide them with needed employment skills.

The Director of the Division of Adult Institutions stated that prisoner idleness is a significant problem and that the superintendents of the institutions are begging for additional MCI jobs. Since 1977, the prison population in Missouri has increased from 5,015 inmates to 10,257 at the end of FY 1986 or 105 percent, as shown on Exhibit 13, which has contributed to the problem of inmate idleness.

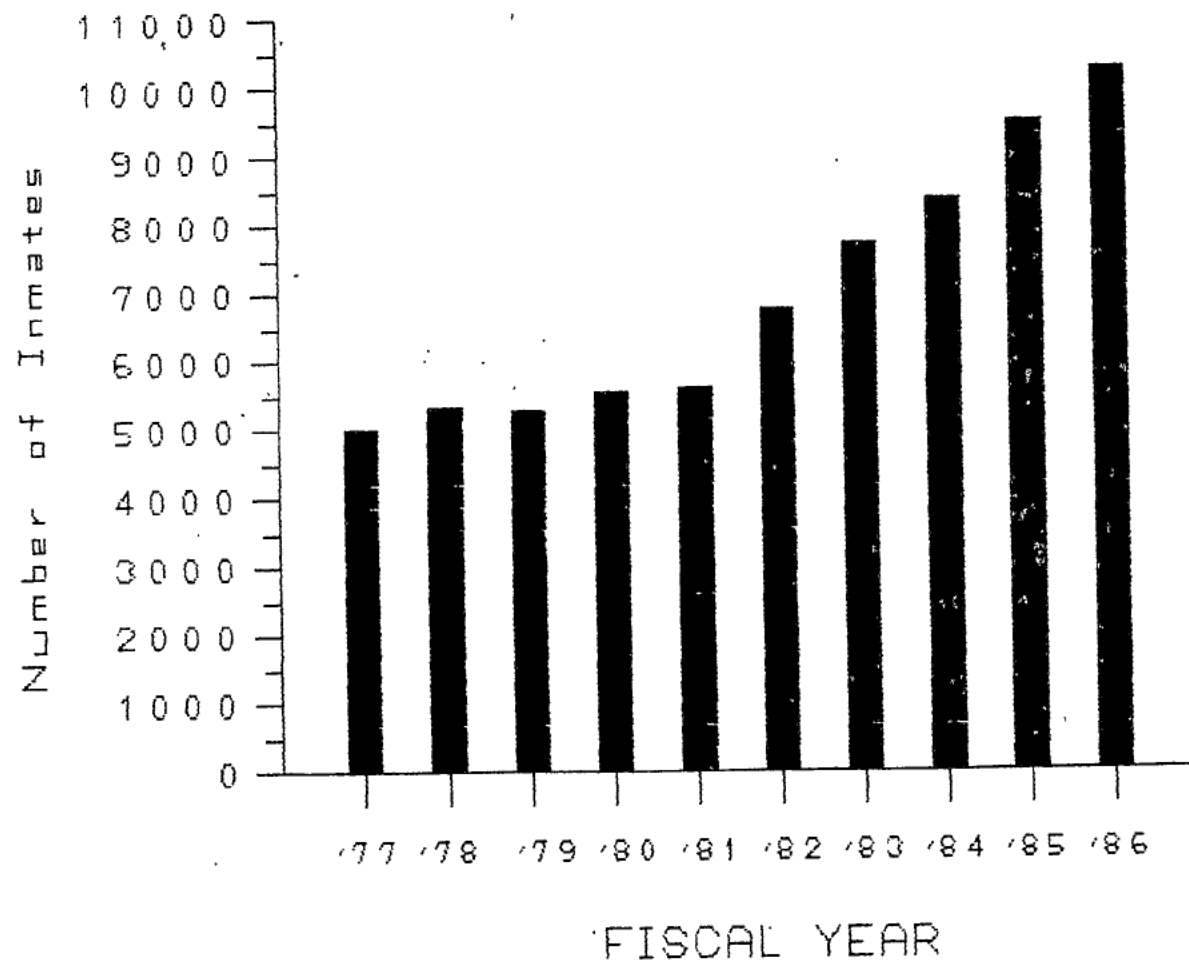
It is the policy of the Department of Corrections to assign all inmates not employed by MCI to non-industry job assignments related to the maintenance of the institution or educational activities. Some inmates have no assignment - generally in these cases the inmate is unable to work or poses a significant security risk.

In order to get an indication of inmate idleness, the auditors interviewed supervisors of inmates who are involved with jobs other than prison industries. The interviews were limited to supervisors at Algoa and MSP. While the majority of the inmates are assigned to a job, many of those inmates spend very little time doing any actual work. The supervisors of the inmates are often asked to supervise many more inmates than needed to do the work. For example, the

Exhibit 13

MISSOURI INMATE POPULATION

FISCAL YEARS 1977 - 1986



Source: Department of Corrections and Human Resources

housing units in one institution employs between 70 and 95 inmates per unit doing primarily cleaning and clerical work.

When the inmate supervisors at the housing units were interviewed, they indicated that inmates worked only about two hours a day and some inmates did much less. This type of featherbedding and overmanned job assignments does not enhance the employment skills of inmates or reduce idleness.

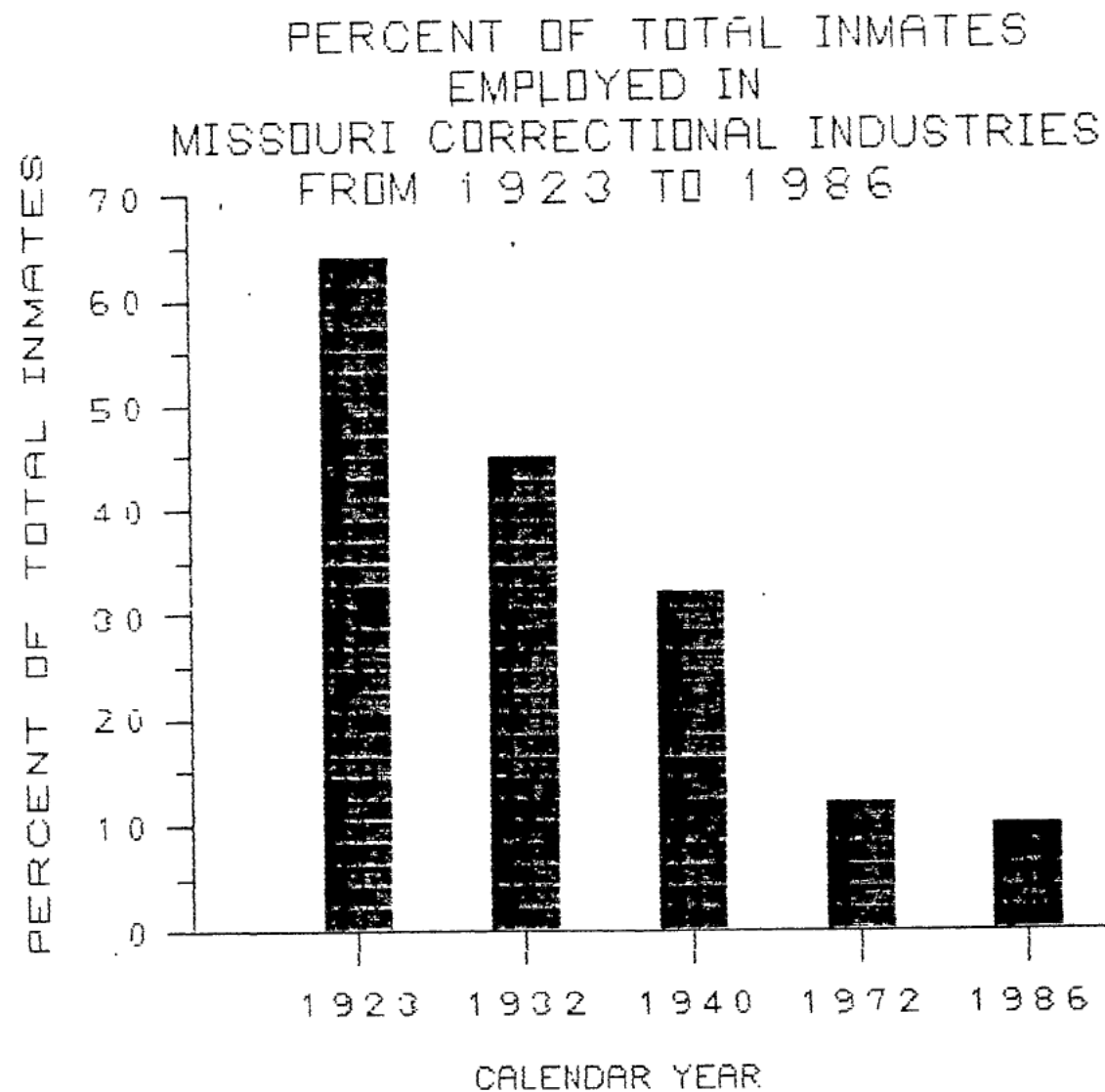
Developed by the American Correctional Association the Standards for Adult Correctional Institutions state that it is essential that the institution maintain a written plan that provides full-time work and/or program assignments for all inmates in the general population. The inmate working day should approximate eight hours per day so that inmates will be familiar with what will be expected of them in their post release jobs. It should be noted, however, that an eight hour day for an inmate will by necessity of his custody situation include some time for security procedures.

One of the primary principles developed by the National Conference on Prison Industries is that prison industries should reduce inmate idleness. The conference recommendations state that, "It is incumbent on correctional authorities, properly enabled by legislative and administrative change to employ as many inmates as possible and reduce the tensions compounded by crowding". In addition, the conference concluded that the work should be meaningful and relevant for inmates and that the workday should approach eight hours less the time necessary for security purposes.

Historically, the percentage of total inmates that are employed in MCI programs in Missouri has decreased significantly since 1923 when there were 64% of all inmates employed in the industry program (see Exhibit 14).

There is currently a class action suit pending in U.S. District Court that asks the court to find, among other

Exhibit 14



* Sources: US Commissioner of Labor, Convict Labor, 1923; US Department of Labor Bureau of Labor Statistics; Prison Labor in the United States, 1932, 1940; Robert Swanson; Work Release: Toward Understanding of the Law, 1972; 1986 Prison Industry Payroll records.

things, that the institutional jobs and rehabilitative programs are inadequate, improper and ineffective. If inmates continue to remain idle these types of lawsuits are likely to increase.

The Department of Corrections has stated in its 1983-1984, Biennial Report, that "idleness is the worst thing that can happen to anyone whether it be inmate or civilian...". The benefits of keeping inmates fully employed have been well documented. Prisons benefit due to a reduced rate of disciplinary infractions and a more normal social atmosphere for inmates. Inmates benefit due to the job training opportunities and better preparations for life outside prison. The state benefits from the increased production from inmates resulting in reduced state agency expenditures. When prisons are allowed to remain idle these benefits are not realized.

RECOMMENDATIONS

- 5.A. Correctional Industries should aggressively attempt to increase employment of idle inmates. The Department of Corrections and Human Resources should analyze the actual inmate employment needs of each institution including the number of industry jobs that could be absorbed and the number of full time non-industry jobs that are necessary for the maintenance of the institutions.
- 5.B. The Department of Corrections and Human Resources should develop a long range written plan that provides for fulltime work and program assignments for all inmates. The inmate working day should be planned to approximate eight hours work including some time for security procedures.
- 5.C. The Department of Corrections and Human Resources should further attempt to simulate or "normalize the work

environment" by giving personal time off with pay as in private industry.

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FINDINGS AND RECOMMENDATIONS

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FINDING 6. Missouri Correctional Industries have not maximized potential expansion of existing industries.

In interviews with the factory managers the Oversight auditors found that employment of inmates could be increased in several existing prison industry factories. Table 6 shows the current production situation by facility according to interviews with correctional industry coordinators. The following existing industries are potentially ready for expansion. The number of inmates who would be willing to work in prison industries in each institution would be dependent upon the type of industry and the incentives provided to inmates for their participation.

Renz Quick Print Shop

The electrical system is inadequate for present equipment. The necessary additional electrical system is on bid and should be installed by January 1987. The factory manager indicated they would have the capability to double current output of the print shop after the new electrical system is in place.

The print shop will be able to employ six-eight more inmates and would only require one more supervisor. (The supervisor/employee ratio would then be two supervisors to 30 inmates.)

The factory manager stated he sees no problem getting enough orders to keep at maximum production levels.

Table 5

Barriers to Maximizing Production by Facility

Factories Currently Producing at Maximum	Factories With Orders Exceeding Production Capabilities	Factories Needing More Orders	Factories Needing New Equipment
Renz and Church Custodial	Renz Data Entry	Moberly Sign Shop	MSP Shoe Shop
Moberly Metal Furniture	MSP Wood Furniture	Moberly Print Shop	Renz Quick Print (electrical system)
Moberly Laundry		MSP Graphic Arts	
MSP Clothing		MSP License Plates	
MSP Dental Lab		MSP Optical Lab	
		MSP Chemical	

Source: Interviews with Correctional Industry Coordinators

Renz Quick Print Shop -- Mail Out Service

The factory manager indicated he could create a mail-out service as an extension to the print shop. 15-25 inmates could be employed. One new supervisor would be required. An estimated \$10,000 would be required to purchase the additional equipment. Some additional space would be needed. Space is available in the building but the Division of Design and Construction has not given approval for the renovation required for the expansion.

Data Entry -- Renz and Chillicothe

There are only 38 Data Entry operators and the factory manager indicated they need 55 operators. Renz male operators are working two shifts and weekends and are not handling nearly as much workload as the women operators did without working weekends. Male operator turnover has been very high, whereas female operator turnover was negligible.

Because the women were transferred from Renz to Chillicothe (starting May of 1986) there are trained female data entry operators not working at Chillicothe. Renz factory manager has been working for five months to get already existing equipment (16 terminals) moved to Chillicothe. He has received verbal approval to hire a supervisor but as of this date no one has been hired. Establishing one shift in Chillicothe would remove the necessity of working two shifts and weekends at Renz.

Moberly Metal Furniture Shop

The industries coordinator indicated that the first shift is at maximum production; however, income could double in one year, if there were an increase in the sales force; if product design were modernized; and if a second shift were initiated.

Missouri State Penitentiary Furniture Factory

The factory manager indicated the need for four additional civilian employees: one skilled supervisor, one skilled foreman and one field representative who would work out of

the central office to market special orders. The specialty orders portion needs to be moved which would require one extra supervisor. The secure material area needs to be moved elsewhere. By making the above changes, adequate floor space would be available to hire 10-15 more inmates and therefore reduce the backlog.

RECOMMENDATIONS

6.A. Prison Industries should aggressively attempt to create new jobs for inmates through expansion of existing industries or creation of new industries. These should be full-time jobs that are structured as much as possible like jobs found in the private sector whenever possible.

6.B. Reorganization should be considered to ensure that production efficiencies and reduced idleness are achieved by Correctional Industry. The correctional institutions in which MCI shops reside should incorporate industries into the total institutional program. One way to ensure MCI input into the institutional decision-making is to give the MCI program an organizational position in the department which is comparable to the one currently occupied by the Division of Adult Institutions. It is recommended that the DOCHR consider an organizational structure similar to that developed by the National Task Force on Prison Industries as shown in Appendix G which provides for the prison industries program to be directly under the Department Director as a separate division.

This alternative seems advisable when one considers that Prison Industries currently is unable to control key institutional policies such as "call-outs" and transfer of worker inmates without notice. These kinds of institution policies currently exist without consideration of the negative impact they necessarily have on production efficiency in the industries. Such

practices have caused excessive featherbedding in the industries.

According to the National Institute for Corrections (NIC) the modern trend is to establish a central industries organization under the corrections agency head. This is done through the establishment of an industries division within the Department. Of the 50 states surveyed by the NIC, 15 reported that the head of Prison Industries reports directly to the Director of the Corrections Department.

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FINDINGS AND RECOMMENDATIONS

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FINDING 7. Missouri Correctional Industries has failed to aggressively pursue innovative prison industry programs as well as private industry involvement in prison industries. The National Center for Innovation in Corrections (NCIC) has initiated several contacts with MCI since July 1985 to promote private industry involvement in Missouri. To date, there are no private companies involved with Correctional Industries in Missouri (other than a small plasmapheresis operation) and no current plans to incorporate private industry in the future.

MCI could increase its employment of inmates by actively seeking private industry involvement. Prison officials in other states say the strength of the programs is that inmates work in a real-world job situation, something that many of them have never known. They are judged on their productivity, and are likely to be fired if they are bad workers. In addition to good work habits, they learn skills which are in demand in the free world.

In recent years several states have looked to more innovative methods of reducing prison idleness through unique prison industry programs. While any new industry program would need to be carefully evaluated by MCI and the Advisory Board before investing the time and capital into programs in Missouri, the auditors have summarized some of the prison industries that have had various degrees of success in other states. Table 6 lists the various prison industries that exist in other states along with the number of states that are involved in each industry in rank order.

The list includes over 80 industries such as sod farming, microfilming and telephone reconditioning that might be considered for Missouri.

Innovative Prison Industry Programs

Several examples of prison industries programs that have been recently implemented in other states bring new ideas and new management techniques into the prison industry program. Some of the more recent new projects include private sector business involvement in prison industry programs.

Arizona's law to encourage private sector business involvement has attracted three industries. Best Western International uses female prisoners for its telephone reservation center. The firm was able to install trunk lines at a reasonable cost and took advantage of a willing workforce. The inmates are used during peak call volume periods, holidays and weekends. Employment is 12 to 35 inmates full time. Inmates are paid the same rate as other reservationists.

Another private company has a labor contract with Arizona Correctional Training facility which refurbishes and manufactures wooden pallets. The company provides all equipment, materials and transportation while the prison provides the plant and 26 inmate workers.

Since 1984, Howard Johnsons has hired inmates to take telephone reservations at one of Oklahoma's institutions. This is similar to the Best Western arrangement with Arizona. Another project which is planned will be jointly owned by an automobile remanufacturer, a construction company, and an architect. The company proposes to design, build, and operate a \$2.5 million plant at a maximum security site to recondition school buses and state road maintenance vehicles and to manufacture road signs.

The state of Utah has the authority to sell to the private sector. The result is that 40 percent of the shop's output is purchased by the private sector. The marketplace has influenced the state-run industry to operate in ways that resemble a private sector business. The shop provides two main product lines: road signs, decals, and safety barriers; and a full range of printing services.

In Nevada there are three private sector firms operating within its correctional facilities. One employs 20 inmates mixing salads for the Las Vegas hotels. A second private industry employs 30 women as data entry operators. Data processing services are provided to customers throughout the Southwest. A vinyl products company employs about 50 inmates making rubber mattresses for water beds.

In Minnesota there are at present ten businesses with some form of private sector involvement operating within Minnesota's correctional system. The electrical/mechanical assembly shop employs 160 prisoners in the assemble of disk drives and the construction of wiring harnesses for a private company. The metal products shop, which employs about 100 inmates, manufactures farm, garden, and highway repair equipment for a variety of private customers. Two private

businesses are also based at Stillwater, Minnesota. Stillwater Data Processing employs eight inmates in design, installation and maintenance of customized data processing applications. Insight, Inc. employs three to five inmates in the provision of telemarketing services to various businesses and in the delivery of computerized instruction to homebound and disabled individuals via computer terminal.

Another Minnesota facility operates a data entry shop of which the bulk of the work is performed for the B. Dalton Company. Between 15 and 20 women are employed entering purchase orders into receivables files in a disk to tape system. Minnesota Correctional Industries also employs about six women on a contract with Sperry Corporation, constructing wiring harnesses for computers. They also have a contract with Sperry to employ 25 inmates to disassemble obsolete computer equipment and salvage parts for remanufacture. In addition, a subcontract shop has employed up to 30 inmates on de-burring and buffing contracts with Western Electric, Control Data Corporation, and Magnetic Peripherals. Other private sector customers purchase vinyl products. Failed industries include a wood chips for fuel industry and a furniture restoration shop both operated by outside firms.

The State of Washington has six employers operating businesses within Washington prisons. A garment manufacturer employs 20 women. Another garment manufacturer operates a plant employing 40 male inmates. A manufacturer of canvas luggage and sports bags employs five male inmates; a wholesale florist employs two inmates in a commercial greenhouse in a prison facility; and two inmates are employed by a ceramic company to manufacture various ceramic items for local florists and giftshops. Failed businesses included a wood stove manufacturer which employed 50 inmates and a manufacturer of pitchforks and solar panels which employed six inmates.

In Springfield, Massachusetts, local efforts by the Chamber of Commerce led to a task force composed of local business people, community leaders and prison officials. The goal was to train inmates of the Hampden County House of Correction for future employability, instilling positive work attitudes to ensure they not only find jobs, but keep them. After two years of work, a program was initiated to manufacture office chairs. The program was capitalized by a start-up loan of \$50,000. The program initially employed 30 inmates who earned 50 cents to \$1 per hour. In developing the program, the chamber went through every exercise and procedure of business start-up.

Kansas has had a sheet metal plant operating since 1979 outside one of its prisons. Prisoners are bused to the plant each day. The plant was built with a \$500,000 industrial revenue bond issued by the city to pay for the building. The owner personally guaranteed the bond and capitalized the purchase of Zephr (\$500,000) and its site location (\$70,000) with his own funds. Since its inception, the plant has paid its prisoner work force over \$1 million in wages, from which over \$200,000 has been returned to the state in room and

board payments and over \$100,000 has been paid in federal and state taxes. The plant employs 20 inmates.

In 1983 the Mississippi Legislature authorized the establishment of contracts with the private sector for the production of goods and services. One contract received was for the assembly of the company's air conditioner companion - a devise that sprays a fine, cooled mist into the air.

California has authority for the Youth Authority Department to establish a work program in conjunction with private industry. The state worked with two manufactures, an electronic firm and a manufacturer of women's wear, to build plants inside its institutions. In addition, a TWA reservation center that serves as a back-up facility when TWA's reservation center in downtown Los Angeles reaches capacity is manned by California inmates.

Approximately 21 states have begun making modular office systems at one or more of their facilities. Wisconsin was the first state to begin manufacturing modular systems. In 1986 sales are estimated to be \$1.5 to \$2 million. Wisconsin manufactures and installs the systems using components produced for them by a private firm. This is a comprehensive furniture system providing all components and marketing support exclusively to correctional industries. The project has little initial investment capital requirements. By purchasing the components from outside, a facility can get right into manufacturing, using existing space and a relatively untrained labor force. Inventory of the component parts is maintained at the supplier, so the facility has to order only what they can use.

A somewhat different approach was taken in Florida when they became the first state to experiment with the wholesale transfer of its entire correctional industry program from being run by the state to being run by a nonprofit corporation.

The nonprofit corporation (Prison Rehabilitative Industries and Diversified Enterprises, Inc. -- P.R.I.D.E.) was created to manage and operate Florida's prison industries. PRIDE's management has used its freedom in the purchasing area to help recapitalize Florida Prison Industries' plant, equipment, and raw materials inventories. Creation of PRIDE was based on the belief that private industry could be more efficient than government bureaucracies. It should be noted that a 1985 performance audit of Florida's PRIDE program, concluded that "PRIDE has been minimally effective to date in meeting the goal of providing economic benefits to the state" and "PRIDE has not substantially increased the number of inmates employed by Correctional Industries".

RECOMMENDATIONS

- 7.A. MCI should actively pursue private industry involvement in prison industry programs. MCI should consider developing a pilot project where one private industry program could be started as a model. The model could be evaluated for future planning of industry programs. The National Center for Innovations in Corrections could be of assistance in developing the pilot project.
- 7.B. MCI should solicit local community - economic partnership industries - where products are partially completed or components are prison made and then completed or assembled and marketed by a companion local community company employing local citizens.
- 7.C. MCI should whenever possible create new industries with full-time jobs that approximate as nearly as possible jobs found in the private sector such as the currently federally funded Missouri pilot project on word processing software development.

TABLE 6

**Types of Industries Reported by Other States
Found in Prison Industries' Programs Ranked
By Number of Times Reported**

<u>Industry</u>	<u>No. Reported</u>	<u>Industry</u>	<u>No. Reported</u>
FURNITURE	36	FEED MILL	03
TAG PLANT	36	ENGRAVING	02
FARM/DAIRY	36	OFFICE SUPPLIES	02
PRINTING	35	CONSTRUCTION	02
SIGN SHOP	33	SALES AND CUSTOMER SERVICE	02
METAL PRODUCTS	31	BRICK PLANT	02
BEDDING	30	BRICK PLANT	02
GARMENT MANUFACTURING	28	PLANT NURSERY	02
UPHOLSTERY OF FURNITURE	28	SOD FARM	02
WOOD PRODUCTS	19	CIGARETTE MANUFACTURING	02
AUTO VALIDATION STICKERS	16	SEWING	02
JANITORIAL PRODUCTS	15	FLAG	02
FURNITURE REFINISHING	14	SOLAR ENERGY	01
GRAPHICS	13	ACOUSTIC SCREENS	01
WAREHOUSING	12	DESK ACCESSORIES	01
AUTO RENOVATION	11	FEED LOT	01
LAUNDRY	11	BOOKLET PRINTING	01
MEAT PROCESSING	10	PURCHASING	01
SWINE HERD	10	TYPEWRITER REPAIR	01
SHOE FACTORY/REPAIR	10	VEHICLE MAINTENANCE	01
BAR SOAP	09	AQUACULTURE	01
BEEF HERD	08	BROOM FACTORY	01
LABOR SERVICES	07	ETHANOL PRODUCTION	01
DATA PROCESSING	07	NAME PLATES	01
CORRUGATED BOX	07	ORCHARDS	01
BRUSH AND MOP MANUFACTURING	07	MODULAR WELDING	01
FORESTRY/SAWMILL	06	FOUNDRY	01
DENTAL PROSTHETICS	06	SAFETY VESTS	01
BODY FENDER	05	3-RING BINDERS	01
OPTICAL LAB	05	BULK TEXTILES	01
MICROFILMING	05	ASSEMBLY SUBCONTRACTS	01
TIRE RECAPING	05	TELEPHONE RECONDITIONING	01
DATA ENTRY	04	VINYL	01
CANNING PLANT	04	SLAUGHTERHOUSE	01
DRY CLEANING	04	CORDWOOD	01
SILK SCREEN SHOP	04	SURVEY AND GRADE STAKES	01
DECALS	04	PARK FURNISHINGS	01
PAINT MANUFACTURING	04	PLAYGROUND EQUIPMENT	01
SCHOOL BUS REPAIR	04	SPECIAL MILL WORK	01
TEXTILE PRODUCTS	04	TRUCK MODIFICATION & SNOW PLOW	01
AUTO REPAIR	03	COFFEE AND TEA	01
BOOK BINDERY	03	FREIGHT TRUCKING	01
CONCRETE PRODUCTS	03	HOSIERY AND GLOVES	01
POULTRY AND EGGS	03	DUMP BED BODIES	01
DRAPERY	03	PRESSURE TREATED LUMBER	01
RECORD CONVERSION	03	MANAGEMENT SUPPORT	01
PLASTIC SIGN SHOP	03	MEAT CUTTING	01
KNITTING	03	MACHINE SHOP	01
FIBERIZING FURNITURE	03	CHEMICAL PRODUCTS	01
		DIE-CUT LETTERS	01
		FIRE TOOLS	01

Source: Ranked from Guidelines for Prison Industry Survey Results, 1984.

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FINDINGS AND RECOMMENDATIONS

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FINDING 8. Missouri Correctional Industries lacks adequate long range planning to guide the use of Industry resources. It has failed to use the Correctional Industry and Service Advisory Board for either oversight or long-range planning.

The auditors found that MCI has not developed an overall, long-range written plan for the program as a whole. RSMo. 217, which established a Correctional Industry and Service Advisory Board, gave the board power to provide "proper industrial planning" to the Division Director. Auditors, however, found no evidence that the advisory board has been involved in any long-range planning.

For the purpose of involving others in the planning process Missouri's General Assembly created the Correctional Industry and Service Advisory Board. It's role, however, has been entirely dependent upon the Division of Administration's agenda. The Board plays no oversight role.

Additionally, the State Auditor, in an audit of DOCHR ending 1983, found that MCI lacked a plan for prison industries and needed to perform "an overall analysis of all prison industries" in order to improve efficiencies. This study was never undertaken despite DOCHR's agreement to perform such analysis of its correctional industries (see finding 9).

Interviews with MCI officials revealed general frustration from constant changes of direction and focus by the central office of DOCHR management staff. They perceive that shop management is unable to do little more than react to changing central office directives. Participation in

Correctional Industry policy/decision making generally does not extend down through the Shop Manager or even Coordinator levels.

Planning is an essential management function because it provides the basis for measuring progress in achieving goals and for organizing and allocating resources.

Guidelines for Prison Industries developed by the National Institute of Corrections proposes a model policy with regard to planning as follows:

"It is the policy of the Department of Corrections to develop long-range plans that will assure that Correctional Industries programs are properly developed to best fulfill their role in the Department".

"Long-range planning for the prison industries program is essential if the industries program is to be utilized to its fullest advantage within the Department of Corrections. If outdated industries and programs are not eliminated and replaced with new ones, the industries will become outdated, nonprofitable, and unproductive. New industries must be added as the potential for their contribution dictates. This will assure that industries fulfill their objective of providing a source of revenue and thereby save taxpayer dollars as well as provide meaningful employment and its attendant beneficial implications to the inmates".

Planning for the Missouri Correctional Industries program should be a highly participatory process, involving persons from all the levels of the organization, members of constituent groups, elected officials, persons from other agencies and even other levels of governments, and representatives of the general citizenry. In this way, MCI could obtain widespread involvement of different individuals and groups in defining the direction of the prison industry program. Properly carried out, strategic planning can help

produce a trust and confidence in the agency, as well as commitment to carrying forward agreed upon programs.

The National Institute of Corrections Guidelines to Prison Industries gives its Model Advisory Board the following functions at each meeting:

- 1) review the latest financial statement of Correctional Industries for the purpose of defining any action that may be required to better accomplish Department of Corrections and Correctional Industries objectives.
- 2) review Department of Corrections consumer complaints and their resolutions for the purpose of promoting better understanding of the system's operations and limitations. The board will develop suggestions for any improvements that might reduce future problems.
- 3) review any proposed price increase to Departmental consumers. The board will recommend approval or disapproval of price increases to the Director of Industries.

Missouri's board does not now perform any of the above functions.

OTHER PRISON INDUSTRY ADVISORY BOARDS

The state of New Mexico Corrections Industries Commission is an advisory board with broader explicit authority than the Missouri Board. This authority includes providing recommendations on rules and regulations; providing names for appointment; and pricing. The Commission is to obtain and provide technical assistance; and assist in the process of inmate occupational placement upon release from confinement. The Commission is to review, approve and monitor an annual budget for all enterprises including a projected profit analysis, sales forecast and anticipated year end financial forecast. The Commission is to prepare

an annual report to the Governor and the legislature containing financial statements, plans and the number of inmates employed. (See Exhibit 15 for additional information.)

Similarly, the state of Arizona has adopted a regulatory board that is empowered to promulgate rules and regulations for the administration and management of personnel policies for prisoner workers including wages, working hours and conditions of employment. The Board is to approve all employee hiring. It is to research, investigate and recommend policies consistent with sound business judgement and delegate to the director the execution of established policies. The Board must submit an annual report to the Legislature.

Guidelines for Prison Industries' model board is specifically required to "submit an annual report to the Director of Corrections each year between May and July 1, for use in program and policy planning, budget development and consideration of possible substantive law recommendations by the Legislature." Missouri's board does not submit any annual report.

The result of not providing long-range plans is confusion and management by "fire-fighting". MCI institution and shop management personnel become frustrated when not consulted before directives are given which are expected to be implemented quickly. Without planning, many decisions are not well thought out before being made. Morale and efficient use of resources suffer as a consequence.

RECOMMENDATIONS

8.A. Missouri Correctional Industries should develop a long range plan based upon input from the Correctional Industry and Service Advisory Board, industry staff, adult institution staff and agencies that are dependent upon MCI for their supplies.

8.B. As one option to increase the planning capabilities, Missouri's Advisory Board could be statutorily changed to a policy Board rather than an advisory board. In as much as Missouri's Board has not exercised any oversight function in the past, it may be advisable to more specifically outline its responsibility in the law. Consideration should be given to revising state statutes to add to the Industrial Advisory Board the function of providing managerial and technical oversight of Correctional Industries thereby increasing the Board's responsibility over MCI programs. This revision should change the function of the Board to a policy board rather than advisory and leave operational authority to the Department director. Arizona, New Mexico and Washington are three states that have such policy boards. The Arizona Board is compared to the Missouri Board in Table 8.

8.C. Statutory revisions should be considered to restructure the membership composition of Missouri's Advisory (Policy) Board to be commensurate with new policy responsibilities that could be given to the board. The following board composition based upon Arizona statutes and on the model proposed in Guidelines for Prison Industries' is recommended for consideration.

- a. Seven members of the board shall be appointed by the governor and shall consist of:
 - 1) One person with experience in personnel management.
 - 2) One person with experience in industrial purchasing management.
 - 3) One person with experience in industrial management in manufacturing and assembly.
 - 4) One person with experience in industrial marketing.
 - 5) One person with experience in agricultural and ranching management.
 - 6) One person representing organized labor.

- 7) One person representing the general public.
- b. Of the remaining members appointed:
 - 1) One shall be a member of the house of representatives and shall be appointed by the speaker of the house as an advisory member.
 - 2) One shall be a member of the senate and shall be appointed by the president of the senate to serve as an advisory member.
- c. Department members should be, at a minimum:
 - 1) The Director of DOCHR (who may serve as chairman).
 - 2) The Deputy Director of Adult Institutions.
 - 3) The Division Director of Administration.
 - 4) The Director of Correctional Industries.

A Prison Industry Board which has the Director of the Department of Corrections as its chairman is assured of accomplishing "the primary responsibility of the board which is to inform industries on how it can better meet its stated objectives in concert with those of the Department of Corrections." Such input into the Board would be beneficial to Missouri especially in establishing long-range plans.

8.D. MCI should adopt a planning procedure to ensure that long term planning is carried out in a systematic and structured manner. The following are model long term planning procedures recommended by the National Institute of Corrections that should be considered.

- a. The Director of Industries will develop a 5-year plan for the operation of Correctional Industries.
- b. The plan will consist of the following most current projections for each industry or operation for the first two years:

1. The implementation of new programs or products
2. The number of inmates to be employed
3. The staffing requirements
4. Capital expenditure forecasts
5. Expenditure and revenue forecasts
- c. The plan for the last three years will project the implementation of new programs or products and the number of inmates to be employed.
- d. The plan will be reviewed by the Industries Advisory Committee for consistency and compatibility with other Department of Corrections plans.
- e. After all reviews and any required alterations to the plan have been completed and approved by the Director, the plan will become the basis upon which the industry program will be operated until it is subsequently revised.
- f. The plan will be updated each year by the end of the fiscal year for the succeeding five fiscal years.

New Mexico Statute on Corrections Industries Commission

"Section 33-8-6. The Commission (Corrections Industries Commission) shall have the following powers and duties:

- A. to determine those enterprises to be conducted in facilities such volume, kind and place as to eliminate unnecessary inmate idleness at all facilities and to provide diversified work activities which will serve as a means of enhancing vocational skills;
- B. to determine whether any enterprise should be established, expanded, diminished or discontinued;
- C. to establish policy with respect to the conduct of all enterprises;
- D. to fix and determine the prices at which all services and products provided, manufactured, produced or harvested by enterprises shall be furnished;
- E. to consult regularly and continuously with state agencies and local public bodies in order to develop new enterprise products, adapt existing enterprise products and establish new service functions to meet their needs;
- F. to act as liaison with private industry, organized labor, the legislature and the general public;
- G. to obtain and provide technical assistance for enterprise programs;
- H. to hold meetings at such times and for such periods as it deems essential, but not less than quarterly;
- I. to recommend to the department the adoption of rules and regulations necessary to carry out the provisions of the Corrections Industries Act; . . .
- J. to review, approve, adopt and monitor an annual budget for all enterprises. The budget process shall include a projected profit analysis, sales forecast and anticipated year-end financial forecast;
- K. to submit and recommend the names of one or more qualified individuals to the department secretary for appointment as director of the corrections industries division;
- L. to assist in the process of inmate occupational placement upon release from confinement by coordination with the parole board and the field services division; and
- M. to prepare an annual report to the governor and the legislature which shall contain:
 - (1) a detailed financial statement for each enterprise in each facility
 - (2) a detailed financial statement of the fund;
 - (3) reasons for establishing or terminating enterprises;
 - (4) a summary of plans to develop additional enterprises;
 - (5) the number of inmates employed in each enterprise;
 - (6) the number of idle inmates available for work at each facility; and
 - (7) any further information requested by the governor or the legislature.

**TABLE 8
COMPARISON OF MISSOURI'S ADVISORY BOARD TO ARIZONA'S POLICY BOARD**

MISSOURI'S ADVISORY BOARD		ARIZONA'S POLICY BOARD	
Appointed by:	Director of DOCHR	7 appointed by the Governor, 1 appointed by the Speaker of the House and 1 appointed by the President of the Senate	
Authority:	1) advise 2) counsel	1) set policy 2) provide managerial and technical assistance/oversight	
Bd. chairman:	Director of Missouri Correctional Industry*	Elected from among membership	
Member Composition:	1) three members representing labor composition: 2) three members representing manufacturing 3) one member experienced and educated in criminology 4) one member experienced and educated in vocational rehabilitation 5) two ex-officio members: the Governor and the Commissioner of Administration (RSMo 217.555.1)	A. Seven members of the board shall be appointed by the Governor and shall consist of: 1. One person with experience in personnel management. 2. One person with experience in industrial purchasing management. 3. One person with experience in industrial management in manufacturing and assembly. 4. One person with experience in industrial marketing. 5. One person with experience in agricultural and ranching management. 6. One person representing organized labor. 7. One person representing the general public. B. Of the remaining members: 1. One shall be a member of the House of Representatives and shall be appointed by the Speaker of the House as an advisory member. 2. One shall be a member of the Senate and shall be appointed by the President of the Senate to serve as an advisory member. C. The Department Director or his designee is to attend all meetings.	
Board responsibilities:	"Providing the Division Director advice and counsel on proper industrial planning programs for the correctional industry and services program with the division and shall make recommendations concerning the services to be provided and the policies articles manufactured including style, design and quality, as well as for economy and efficiency in their manufacture."	Arizona's Board has statutory responsibility for the following (which Missouri's Board does not): a) Adopt board bylaws. b) Appoint employees. c) Promulgate rules and regulations for administering personnel d) Research, investigate and recommend policies consistent with sound business judgement regarding the selection of products to be manufactured, purchasing policies, construction, reconstruction and leasing of facilities, and the feasibility of cooperative programs with private industry. e) Delegate to the Director the execution of established policies. f) Designate a certified public accountant to conduct an annual audit. g) Make an annual report to the legislature.	

*The Division Director of Administration currently shares the responsibilities of Board Chairman with the MCI Director

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FINDINGS AND RECOMMENDATIONS

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FINDING 9. Department of Corrections and Human Resources has failed to perform an overall efficiency and profitability analysis of the Correctional Industry program as recommended by the Missouri State Auditor's Report for the audit ending 6/30/83 and agreed to by Department of Corrections and Human Resources.

The State Auditor, in a 1983 DOCHR audit, found that "some industries and farms continually show substantial losses while others continually show a net profit." The audit concluded that MCI needed to perform an overall analysis of all prison industries. "Such an analysis would include items such as:

- A. An evaluation of gains and losses.
- B. A review of charge structures to determine those that are not in line with Working Capital Revolving Fund costs or prices charged by private vendors for competing goods and services.
- C. A review of each segment's expenditures to determine where costs could be reduced, especially for those entities with losses.
- D. An evaluation of the efficiency of each segment to determine if land, equipment, materials, and labor have been used productively.
- E. An evaluation of the management of each segment to determine if they are carrying out their responsibilities which include ensuring that efforts are being made to run the segments in an efficient manner.
- F. A review to determine if resources currently being used in unprofitable segments could be redirected

to programs that would be more cost-effective and provide a more meaningful rehabilitation program."

The State auditor's report continued:

"The DOCHR should make every effort to improve the efficiency of the various segments. These efforts may include eliminating or consolidating segments, cutting costs (both direct and indirect), and realigning or changing personnel. Such changes should be made in the segments of the Working Capital Revolving Fund to provide an effective rehabilitation program while at the same time result in a minimal cost to the state."

The State Auditor made the following recommendation specifically for the MCI operation which is the sole contributor and user of the Working Capital Revolving Fund:

"WE RECOMMEND the Department of Corrections and Human Resources perform an overall analysis of all segments of the Working Capital Revolving Fund to identify areas where efficiency and profitability could be improved."

The Department of Corrections and Human Resources made the following AUDITEE'S RESPONSE to the above recommendation:

"We agree with the State Auditor's recommendation that our department perform an overall analysis of all segments of the operation. This evaluation should not be restricted to a profit and loss evaluation only, as a major aspect of the program and the department philosophy is to provide meaningful work assignments for the inmate population. We will provide an internal review of all factory operations and management performance for possible revision and changes. This review will include the impact on inmate jobs in addition to the profit and loss, pricing, inventory control, and other issues involved in the overall operations."

When oversight auditors inquired about the Department of Corrections and Human Resources efficiency study of

Industries, we were told by the Department Director of the Division of Administration that "the department has initiated no such formal report."

RECOMMENDATIONS:

- 9.A. MCI management should perform the overall efficiency and profitability analysis that they agreed was needed in 1983. This study could be incorporated into a short range and long range plan focusing on increased efficiency and productivity.
- 9.B. The Department of Corrections should develop a method or procedure to ensure that audit responses are followed-up in order that the statements made by the Department are not ignored or forgotten at a later date.

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FINDINGS AND RECOMMENDATIONS

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FINDING 10. Missouri Correctional Industries has failed to develop and implement an effective marketing program.

MCI has been passive in its approach to marketing prison industry products. MCI does not conduct market research on an ongoing basis nor do they have written policies and procedures for marketing MCI goods. There is only one salesperson who must travel and cover the entire state.

Marketing for Missouri Correctional Industries consists of manning exhibits about four times a year; mailing fliers on a product that is not selling (this has not occurred in at least two years); and developing a catalog and mailing it to more than 4,000 agencies and political subdivisions (this was done in 1986 following eight years without a new catalog). According to central office staff, there are sales meetings each month.

In 1986, MCI contracted for a Vocational Training/Industry Survey. The purpose of the one time study was to examine potential expansion of industries and the addition of new industries. The study included a customer survey. Except for this study, no market survey or survey analysis have been conducted nor have sales forecasts or sales plans developed.

Marketing activities directly or indirectly help to sell the organization's products. Besides selling established products, they also generate financial resources that can be used to develop innovative products.

Marketing activity allows a business to weigh its costs, benefits and flaws more effectively. It can see where a

product needs to be improved and how to accomplish this goal.

According to the National Conference on Prison Industries, effective marketing should produce a broader customer base, resulting in increased production (once marginal products are weeded out) and higher inmate employment. When there is appropriate marketing, industries' activity and employment can grow resulting in a decrease in inmate idleness.

The American Correctional Association has set standards for correctional industries regarding marketing efforts. These standards are shown in Exhibit 16.

To determine market potential, most successful business enterprises develop a marketing plan. The marketing plan normally consists of four elements:

1. Market Survey - an information gathering function, which identifies all potential customers and learns what their purchasing needs are.
2. Survey Analysis - an examination of the market survey noting the purchasing habits of potential customers (such as, when and where, and how much money they spend, and for what reasons they purchase specific products).
3. Sales Forecast - predictions about products that can be sold (when, where, how many) involving sales people, marketing people and factory coordinators.
4. Sales Plan - the steps involved in the selling and production process to begin.

Marketing of MCI products even with a mandatory state-use law is important. The marketing program should include not only sales and processing customer orders, but also market

research, survey analysis, sales forecasting, and sales planning.

The potential market is extensive for MCI. The 115 counties, 972 cities, 545 school districts and 154 public libraries are all potential customers who currently purchase products on a limited basis. In addition, sales to state agencies could be expanded by having a better understanding of customers' changing needs. MCI products and services could change with changes in customer needs.

Interviews were conducted with the coordinators of Renz, MSP, and Moberly shops. According to the coordinators, the following specific prison industry shops could increase production if increased marketing efforts were made.

1. Moberly Sign Shop needs to get more orders so they could reach maximum production. They would be able to employ five more inmates and increase profits.
2. Moberly Print Shop needs more orders so they could reach maximum production. They would be able to employ six more inmates and make even more profit than they do now.
3. MSP Optical Lab needs a larger variety of frames to sell. The present staff could handle 50% more orders.
4. MSP Chemical Shop needs more orders. Production could increase 50% if properly marketed.

RECOMMENDATIONS

- 10.A. The Correctional Industries Program should develop written policies and procedures:
 - For establishing a marketing plan (market survey, analysis, sales forecast and sales plan). The marketing plan should be developed in cooperation with sales, marketing and factory personnel.

- For receiving orders, transmitting information and acknowledging customer receipt of order. Written policies should be developed for collecting and maintaining marketing data.
- For identifying and processing customers orders to avoid late or delayed delivery of orders. This should include a system to identify early those orders likely to miss their promised delivery dates, and to take whatever corrective action is necessary.
- For maximizing the effectiveness of promotional materials used to inform, persuade or remind potential customers about its products.

An example from New Mexico's Correctional Industries of such written policies and procedures can be found in Appendix H.

- 10.B. Correctional Industries should, through special training, ensure that staff acquire marketing skills. Local universities may be of some help in this area.
- 10.C. Correctional Industries should designate marketing as a separate function. MCI might further consider an alternative organizational structure proposed by the National Institute of Corrections Guidelines to Prison Industries which treats the management of prison industries as a businesslike operation. Appendix I shows the model organizational structure for prison industries. This model has marketing separated as a separate function within the organization.

AMERICAN CORRECTIONAL ASSOCIATION
PRISON INDUSTRY MARKETING STANDARDS

Written policy and procedure governing the marketing of Industries products. Responsibility for the marketing function is fixed in the organization.

Written policy and procedure providing a formalized process for receiving orders from customers, transmitting the information to the appropriate operating unit, if necessary, and acknowledging customer receipt of the order and anticipated date of delivery, if requested.

Written policy and procedure providing for the identification and timely processing of all customers' orders to avoid late or delayed delivery of orders. There is a system to identify early those orders likely to miss their promised delivery dates, and to take whatever corrective action necessary, including prompt notification to the customer.

Written policy and procedure providing a process for customer complaints about industries products or service. This process includes a method for investigating the complaint, taking appropriate action and reporting back to the customer.

Industries use of promotional materials and methods to aid in the marketing of their products.

Written policy and procedure governing market research activities include, but are not limited to, collection of pricing data, expanding existing markets, locating new markets for present and potentially new products.

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FINDINGS AND RECOMMENDATIONS

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FINDING 11. Missouri's Correctional Industries does not adequately collect and analyze marketing data to determine the needs of its customers.

MCI staff can not accurately report on the types of complaints which are received because they do not log or analyze complaints.

MCI staff can not report on what customer's opinions are of their products and services because they do not have a formal system to receive feedback on a regular basis from the customer.

MCI cannot report on which products are selling and which ones are not because they do not accumulate data on sales by type of product.

Documentation of sales activity is not required. Therefore, records of sales contacts, their impact, and appropriate follow-up were not available for the auditor's review.

MCI staff do not track delays in delivery. A weekly status report is prepared by the factories on all orders. This report is used if a customer inquires about the status of an order. It is not used by sales staff to identify orders likely to miss their delivery date.

A successful marketing effort should include a marketing mix that matches the needs of the people in the target market. Before they can do this, they have to collect in-depth, up-to-date information about those needs. The information might include data regarding customers preferences for product design, features, colors, and textures; their attitudes toward competitors product, service,

advertisements and prices and the frequency and intensity with which they use the product. With these kinds of data, marketing managers are better able to develop product, distribution, promotion, and prices that satisfy the people in the target market.

In addition, since state agencies are required to purchase from MCI, MCI has an obligation to determine their needs and analyze complaints.

Additional prisoners can be employed if sales are increased. Unless MCI knows what the customer needs, they will not be producing to their full potential resulting in inmates remaining idle.

RECOMMENDATIONS

- 11.A. MCI staff should establish procedures to collect and analyze marketing data in order to understand their use market and serve that market more effectively. MCI should consider:
 - a. developing a method to log complaints and inquires.
 - b. tracking the number of products sold by type including the variation of each item.
 - c. developing a formal feedback process such as having a customer to fill out a questionnaire at the time of delivery or after a certain period of time; or sampling purchasers by phone to see if they are satisfied.
- 11.B. Data collected should be assigned to staff to analyze the use market and its needs. This information should be used in developing a sales plan and in planning production levels.

- 11.C. The Correctional Industries Program should develop a formal complaint log which should be used to analyze customer dissatisfaction and to identify potential problem areas.

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FINDINGS AND RECOMMENDATIONS

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FINDING 12. Missouri Correctional Industries does not enforce the statutory requirement that state agencies purchase correctional industry products.

According to state statutes, state agencies and public institutions of the state are required to buy from Missouri Correctional Industries. RSMo 217.575 states that:

No article so manufactured shall be purchased from any other source for the state or public institutions of the state unless the division shall certify that the articles included in the requisition cannot be furnished or supplied by the correctional industry and services program within ninety days, or, in the event the same articles cannot be procured on the open market within ninety days, that the correctional industry and services program cannot supply them within a reasonable time. No claims for the payment of such articles shall be audited or paid without the certificate.

Enforcement of this law is limited to Office of Administration, Division of Purchasing's review of purchase orders over \$2,000 and only for those agencies required by law to make purchases through the Division of Purchasing.

The following are exempt from review by the Division of Purchasing; and therefore, there is no mechanism to ensure that prison industry products are purchased as required by law.

1. Local purchase orders under \$2,000.

2. Purchases made by the University of Missouri's four campuses.
3. Certain purchases made by the Department of Highways and Transportation.

The Division of Purchasing's post audit review procedure for submitting local purchase orders does not require agencies to submit certificates of availability (exemptions) nor does the post-auditor review orders taking into consideration the MCI purchasing requirement.

Certificates of Availability are provided for by law. According to RSMo 217.575 an exception can be made and a certificate issued if MCI cannot supply a product or service within 90 days.

Certificates of availability allow the agency to purchase products from private sources although the same products are produced by MCI. In addition to reasons specified by law, certificates are given by MCI if the product cannot meet the deadline set by the customer or if the specifications made by the customer cannot be met. In FY 1986, MCI gave one certificate for every 66 accepted orders.

In FY 1986, 115 certificates of availability were issued as shown on Table 9.

- * Forty-six (46 percent) were issued because delivery dates under 90 days could not be met. Fourteen (12 percent) had no specific delivery date noted
- * Twenty-two (19 percent) were issued because MCI could not meet specifications.
- * Another 20 (17 percent) were issued because MCI could not supply the product or service before the end of the fiscal year. Agencies wishing to use FY 86 money were given a certificate although some products could have been supplied in less than 90 days.

- * Only two certificates were identified by Oversight auditors which were issued because MCI could not meet the statutory exemption of a 90 day delivery.

RSMo 217.575 requires that, if differences between the Correctional Industries Program and state agencies as to style, design, price or quality of articles exist, the dispute is to be decided by arbitrators. Twenty-six of the certificates of availability issued in FY 86 were because the customer had different specifications, were not satisfied with the product or had a cheaper price. In none of these cases were arbitrators used. None of these certificates involved the 90 day restriction.

According to MCI staff, arbitration has never been used by Industry to settle disputes. A certificate is issued if the factory cannot make the product or the price cannot be met. It should be noted that in the majority of cases involving specifications, specifications could not be met because the customer requested items which were in another producer's catalogue.

Cost estimates were available on only 43 of the certificates of availability issued in FY 86. These totaled \$53,039 or an average of \$1,233 per certificate. If all 115 certificates were equal to the average, the loss to MCI due to issuing certificates would be \$141,850.

MCI has a captured market but does not use all of its authority in selling its products to this customer. For example, furnishings for the Truman Building have been purchased including wooden desks, chairs, and tables all of which could potentially have been made by MCI. The contract was instead issued to four other contractors. Since the contracts were issued, \$310,821 has been spent on these contracts to furnish the Truman Building. MCI was not approached to furnish the products nor were certificates of availability requested.

Another example concerns the University of Missouri. Each year the University estimates its needs for desks, chairs, cabinets, etc. for the upcoming year and requests bids on the estimate. No Certificates of Availability were requested nor was MCI approached to furnish the products in the last fiscal year. The University estimated it would purchase 115 vertical file cabinets for \$17,494 and 105 upholstered side chairs for \$22,502 in FY 87. Other items on the bid could also have been produced by MCI.

MCI has not challenged the practice of the University not buying MCI products even though MCI management is uncertain about the University's right to buy elsewhere.

RECOMMENDATIONS

- 12.A. MCI should establish procedures to sample purchase orders of state agencies with the purpose of identifying those purchases which could have come from MCI.
- 12.B. MCI should establish written criteria for state agencies which would identify when a Certificate of Availability is needed.
- 12.C. MCI should request the Division of Purchasing to revise its procedures for state agency procurement authority to include a requirement that, when appropriate, all state agencies submit a Certificate of Availability with local purchase orders. As part of the post audit review of local purchase orders, Division personnel should screen orders for Certificates of Availability when required.
- 12.D. MCI should obtain legal clarification of the application of the law requiring the purchasing of MCI products by the University of Missouri. The University of Missouri should review all purchase

orders against the requirements of purchasing from the Correctional Industries Program. Purchasing officers should be informed of this requirement. Those items which can be produced by Correctional Industries Program should be purchased from the Correctional Industries Program. A certificate of Availability should be requested for those items which can not be produced.

TABLE 9
NUMBER OF CERTIFICATES OF AVAILABILITY ISSUED IN FY86

By Factory

Furniture	58
Moberly Metal	28
Clothing	22
Chemical	4
Moberly Print	1
Furniture Restoration	1
	<u>115</u>

By Reason

Cannot make delivery date	62
Cannot meet specifications	22
Cannot make fiscal year deadline	20
MCI not accepting orders	3
Customer not satisfied with product	3
No longer produced	1
Cannot meet price	1
Other	3
	<u>115</u>

By Department

State Hospitals (Mental Health)	30
Economic Development	23
Social Services	14
State Colleges	9
Revenue*	8
Natural Resources	7
Corrections	7
Office of Administration	4
Public Safety	3
Health	3
Secretary of State	2
Other	5
	<u>115</u>

*Includes Lottery and Horse Racing Commissions

By Month

July	6
August	12
September	11
October	4
November	4
December	5
January	4
February	5
March	18
April	13
May	20
June	12
Unknown	1
	<u>115</u>

By Customer Required Delivery Time

Immediately	10
1 - 7 days	4
2 - 3 weeks	16
30 days	7
45 days	5
60 days	4
90 days	1
120 days	1
Unknown	14
	<u>62</u>

No. of Certificates with cost estimates - 43

Total Cost of Certificates with estimates - \$52,940

Average Cost per Certificate - \$1,230

Total Number of Certificates - 115

Estimated Lost Business - \$141,450

Source: Correctional Industry and Services Program; Central Office Closed Files

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FINDINGS AND RECOMMENDATIONS

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FINDING 13. Missouri Correctional Industries does not enforce the statutory requirement that state agencies and political subdivisions report estimates for next years purchases of prison made goods.

Section 217.590 RSMo requires that:

"On May first of each year the proper officers of the state and of the divisions, agencies and institutions and political subdivisions of the state shall report to the correctional industry and services program estimates for the ensuing year of the amount of supplies of different kinds or the types of services required to be furnished by the correctional institutions of the state."

None of the agencies which are required to submit the report actually do submit a report. Many of the purchasing agents in state government are unaware of the requirement.

MCI does not request the report from agencies or political subdivisions. Nor does it enforce RSMo 217.590 by monitoring to ensure reports are submitted. MCI staff are unsure of the value of receiving the reports. The purpose of the law was to provide MCI with a production planning tool.

Because the law isn't being followed, MCI lacks a planning tool which the General Assembly has made available. For example, the University of Missouri, in May of each year is able to estimate its purchases of furniture and other equipment for the following year and requests bids. The

company which is successful in getting the bid is able to plan production and its prices based on these estimates. Correctional Industry does not have this planning advantage although it, in effect, has already won the bid for state agencies.

RECOMMENDATIONS

- 13.A. MCI should develop a format and guidelines for reporting so that reports are consistent and the information is presented in a way that is useful to Correctional Industry. Some states use a questionnaire format.
- 13.B. MCI should request the reports from state agencies and political subdivisions in order to enforce compliance with the law. Statutes should be cited to let agencies know they are obligated to report.
- 13.C. Correctional Industry should utilize the information in production planning.
- 13.D. Correctional Industry should analyze the utility of these reports after a trial period. Correctional Industry staff should consider in their analysis:
 - a. The utility of the format and potential revisions to the format.
 - b. Which, if any, political subdivisions' reports are of value in production planning. For example, reports provide too much data to adequately analyze.
 - c. The utility of state agencies reporting and its contribution to production planning. For example, is the data collected the

appropriate data? What information is of value and what is not?

13.E.

Correctional Industry should evaluate and the General Assembly should consider changes to the current law regarding reporting requirements based on Correctional Industry's analysis of its utility.

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FINDINGS AND RECOMMENDATIONS

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FINDING 14. Missouri Correctional Industries has left the political subdivision market largely untapped. As shown on Table 10, only six percent of sales in FY 86 were to government units other than state agencies. Sales to counties were less than two percent.

A survey of political subdivisions indicate that 43 percent of the respondents could be enticed to purchase prison industries products if they had more information. Eighty-two percent of the political subdivision respondents are not familiar with prison industries products or services even though the survey mailing list was a sample taken from MCI's catalog mailing list.

The user survey indicated that political subdivisions are very satisfied with the limited amount of products which they have purchased. This means that MCI has the potential of making additional sales to already satisfied customers.

Political subdivisions primarily buy signs or license plates according to the user survey. Shipping transcript files show that 33 percent of political subdivisions' purchases were from the sign shop in FY 86. Several other products and services are available to political subdivisions but they are not actively promoted. For example, most cities and counties need janitorial products in maintaining buildings. However, the Chemical Plant which produces cleaning and maintenance products sold only \$4,849 to all political subdivisions in FY 86. This represented only 30 orders, seven of which came from one customer. The Chemical Shop has been identified by the plant manager as an industry which could expand production with existing resources if more orders were generated.

TABLE 10

CORRECTIONAL INDUSTRY SALES BY DEPARTMENT OR GOVERNMENT

ENTITY

FY 86

Agency	Sales (Dollars)	Percentage
Corrections	\$ 4,069,939.41	39
Revenue	2,336,185.76	22
Other Govt. Units	617,134.11	6
Mental Health	610,736.97	5
Social Services	560,324.79	5
High Ed. & Colleges	530,376.19	5
Farm Sales	342,021.07	3
Highways	221,729.08	2
Office of Administration	211,586.78	2
Health	178,282.64	1
Public Safety	123,017.77	1
Elem. & Sec.	120,798.26	1
Economic Dev.	81,100.33	1
Natural Resources	70,826.53	1
Labor & Ind. Rel.	38,562.85	<1
Conservation	34,857.35	<1
General Assembly	33,559.41	<1
Elected Officials	31,572.25	<1
Employees	28,204.18	<1
Agriculture	23,299.96	<1
Judicial	4,412.81	<1
Employee Retirement	2,257.75	<1
TOTAL	\$10,270,786.25*	

* Does not include interdepartmental sales of \$611,966 which were sales within MCI between factories.

Source: Department of Corrections and Human Resources;
Financial Statements; Working Capital Revolving Fund;
 June 30, 1986

According to the State Library, 128 reporting public libraries in the state had material expenditures of \$8.4 million in FY 86. The Department of Elementary and Secondary Education reports that public schools spent \$147.9 million in FY 85 for general supplies and general equipment. The U.S. Census Bureau reports that local governments in the state spent \$2.8 billion in FY 84 for current operations not including salaries and wages. Many of these products and services purchased by political subdivisions could be provided by MCI.

Much of the lost sales are due to the lack of direct contacts and MCI staff failure to reach the end user. Of the two MCI salespersons, one does no direct sales or "cold calls". Most sales come from repeat customers. These repeat customers continue to purchase the same products. The second salesperson covers the entire state and spends most of his time responding to complaints and inquires and does very few "cold calls". Eighteen of the 31 states responding to the state survey use direct sales. Eight of these noted that direct sales were the most successful.

The user survey showed that MCI is not reaching the people who make decisions with regard to purchases. One county official commented "the county has about 22 different departments which do their own purchasing. If we could have a catalogue for each department, I am sure we would purchase more products."

Purchasing agents at the University of Missouri suggested that MCI staff directly deal with the end user such as, in the case of the University, the various departments and not the purchasing office.

MCI's limited sales staff of two salespeople and one clerk take care of the marketing and sales. In FY 86 there were 7640 purchase orders which needed to be processed and an undetermined number of inquires and complaints to respond

to. According to sales staff, there is no time to go after additional customers.

RECOMMENDATIONS

- 14.A. MCI should reevaluate the size of its sales force with the intent of increasing sales to increase production.
- 14.B. Prison Industries should consider developing a process of informing customers and persuading them to purchase products through personal communication in an exchange situation.
- 14.C. Prison Industries should prepare brochures, as well as the catalogue, for the purpose of providing potential customers with information when contacted by sales staff. Arkansas' prison industries has such brochures. These can be provided to users at a much lower cost than providing catalogs.
- 14.D. Prison Industries might consider developing a telemarketing program staffed by inmates. The State of Nebraska uses such a program. They mail brochures about the products available to potential customers and then inmates follow-up by calling the customer. In a recent three month period, this process has generated approximately \$35,000 in sales for Nebraska's Prison Industries and has generated numerous leads.
- 14.E. Prison Industries should develop a mailing list which has the names of end users in addition to the current list which only has titles. By doing this, MCI will ensure that marketing materials and catalogues reach the intended customer. This list could be developed through a survey or through sales contacts.

FINDINGS AND RECOMMENDATIONS

- FINDING 15. Missouri Correction Industries has no systematic method to ensure that the prices for its goods are not more than the market price for like goods and services.

According to state statutes (RSMo 217.575), MCI is prohibited from charging prices that are in excess of the market price for like goods and services. In reviewing the procedures for pricing products, the auditors could find no evidence that the market price was taken into consideration when developing prices. Correctional Industries has no systematic method to determine the market price for products that are similar to the products that they sell.

The auditors received 228 responses to a survey of state and local agencies that can buy from prison industries. Of the 54 respondents who said they would rather purchase from private industry, 24 said that the reason for preferring private industry products was because they had lower prices. Without a method to ensure competitive pricing, it would be difficult to refute these claims.

When we surveyed the prison industry programs of other states we found that many states do consciously check the market prices to ensure they are in compliance with their laws. Methods used include market analysis, competitive bid analysis, comparing prices of similar products and using information supplied by the statewide purchasing division.

RECOMMENDATIONS

- 15.A. Missouri Correctional Industries should ensure that they are in compliance with the law requiring their prices be no higher than the market price.

This could be done by developing a systematic method of checking market prices of comparable products.

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FINDINGS AND RECOMMENDATIONS

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FINDING 16. Missouri Correctional Industries' pricing could be more competitive if they gave discounts to persons who buy in quantity.

Currently, MCI does not give quantity discounts to buyers of large amounts of MCI goods. Providing such discounts results in advantages to both the buyer and the seller. The buyer receives a reduced price and the seller increases sales and can realize lower production costs by producing in quantity.

MCI officials stated that by not providing quantity discounts their marketing ability was hampered and resulted in possible loss of sales. It is not possible to quantify the amount of sales that might have been lost, but when taking bids for items, such as road signs, quantity discounts would have strengthened MCI's position in the market.

The reason that MCI has not given quantity discounts is due to the wording in Missouri law (RSMo 217.575) which state the following:

"The correctional industry and services program shall fix and determine the price at which articles are manufactured and services so provided shall be furnished and the prices shall be uniform to all."

MCI officials have interpreted this section to mean that regardless of the quantity purchased the price for each single unit must be charged. However, the statute could be interpreted that similar prices are to be charged to person buying similar quantities, ie. all persons who buy one sign would be charged the same price, but all persons buying 100 signs could receive the same quantity discount.

RECOMMENDATIONS

- 16.A. MCI officials should seek legal clarification on whether the statutes prohibit quantity discounts as MCI has interpreted the statute. If the result of the clarification is that quantity discounts are prohibited the Department of Corrections should seek legislation to allow such discounts or look at other creative marketing incentives to encourage customers to buy MCI products.

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FINDINGS AND RECOMMENDATIONS

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- FINDING 17. The calculations used to compute the pricing of special orders contain numerous errors and are not rechecked for accuracy.

The auditors reviewed the files for special orders that were completed in fiscal year 1986. This consisted of sixty-seven files or orders. While reviewing the files the auditors noticed numerous errors in the extension of prices for individual items. As an example, a large number of orders contained an extended price for two ounces of putty. This identical component ranged in price from a low of two cents to a high of \$1.43 while the price for a gallon of putty had a variance of only ten cents for the entire gallon. On one order the price of sealer and stain was incorrectly computed resulting in a quoted price for those raw materials that was one-half of the actual price.

The cost of direct material plays an important part in arriving at the final price because other costs are determined based on total material costs. Regardless of the accuracy of all other components and error in direct material would lead in an incorrect price on the total product.

The cost accountant in charge of pricing stated before he had moved from the main prison to the departments' headquarters in September, 1986, he used inmates to calculate the extension of prices which he approved.

Unit costs of materials are determined by dividing the price of the unit of raw material by the amount to be used by the item to be produced. The cost of materials typically has prices such as glue for \$6.5739 per gallon, woodscrews for \$.0114 each and teenuts for \$.028682 each.

Calculations with both wages and unit costs result in a monetary amount which can only be paid for in multiples of whole cents. More than two decimal places appears to be an irrelevant degree of precision. The chance of error is greatly increased and the reports appear unnecessarily complicated because of the extra decimal places.

All special orders for furniture are sent to the Product Design Unit for the completion of Form M-47, "Unit Cost Statement". This form contains the name of each component and the number required to complete the job. Product Design also computes the hours of labor needed for each job and this is recorded on the form. The data is then forwarded to the cost accountant in charge of pricing. The accountant determines the last cost for each component and then computes the cost of the total direct material for each order.

RECOMMENDATIONS

- 17.A. The mathematical computations that are used in the extension of individual prices for items should be checked by a second person to ensure accuracy. Since each component that is used in a product is measured in different quantities, the typical order or product may require ten or more individual computations. If the time spent in extending the prices is justified, then it would appear that time needed to recheck all calculations which result in a monetary amount would also be justified.

FINDINGS AND RECOMMENDATIONS

- FINDING 18. The statutory goal of rehabilitating inmates is being deterred by the present practices of using money from the Working Capital Revolving Fund to pay for correctional officers rather than investing in expansion of prison industries.

The Working Capital Revolving Fund is currently charged for 17 guards which are not a business expense of MCI. According to the director of MCI, eight correctional officers stay in the industries during operations. Another three correctional officers are roving and one other correctional officer operates a gate at MSP. None of these correctional officers are needed solely because of the existence of MCI. In other words, the need for correctional officers is not unique to MCI. According to the director; if the inmates were not working in industries, additional correctional officers would be needed. The ratio in the institution of correctional officer to inmate is higher than in MCI shops. For example, 80 to 100 inmates work in the furniture factory at MSP which has one correctional officer. If these inmates were in another part of the institution, they would need three or four guards.

MCI supervisors are trained as correctional officers and are expected to provide this type of assistance. Because they are present in the industries, not as many correctional officers are used. At times, when correctional officers are required in another area of the prison, civilian supervisors are the only persons who guard inmates working in the industries.

The estimated personal service expense for these 17 correctional officers for FY 87 is \$280,177.

RSMo 217.595 states that the working capital revolving fund shall be used for the establishment, maintenance, rehabilitation, expansion and operation of the correctional industries services and farm program and expenditures from the fund shall be used for:

1. The purchase of machinery, equipment, raw materials, seed, fertilizer, and farm animals.
2. The repair, improvement and replacement of buildings, machinery and equipment;
3. payment of inmate labor;
4. necessary expenses included in operation and administration.

It also states that "All of the earnings shall be retained by the division and used by the working capital revolving fund and industries program, to obtain new equipment and material for expansion of the industries and services programs with a goal that all inmates desiring to learn a skill or service may be employed".

According to the State Auditor, there are several ways to account for operating costs. In an audit of the prison farms in August, 1985, the State Auditor stated that "The (civilian) supervisor is supposed to serve a dual role, as both farm technician and corrections officer. If a supervisor's salary and fringe benefit costs are all charged to the farm, expenses increase and profitability of the farm is reduced, even though the supervisor may have spent a large portion of his time training, counseling, and supervising inmates which are correctional activities." The problem of deciding on how expenses are viewed is similarly found in the industries.

The Oversight Division survey of other states indicates that seven states pay for correctional officers out of prison industry funds. Twenty four indicated correctional officers were not charged to prison industries.

As a result of charging guards' personal services expenses to the Revolving Fund, funds are not available to the Correctional Industry Program for expansion or improvements. These costs, which are not a normal operating cost of MCI, are contrary to the purpose of the Working Capital Revolving Fund. As a result, fewer inmates will be able to be employed and trained in a skill or service. The money could also have been used to improve marketing operations, expand sales or build a finished goods warehouse which would also provide more jobs for inmates.

In FY 85, 15 correctional officers were first charged to the Revolving Fund. This was the year when 257 correctional officers were added to the prison. Reimbursement for correctional officers was not included in the Department's budget request. The Oversight auditors could find no analysis which determined how many correctional officers were used in Correction Industry's facilities and whether or not their function was necessary as a result of the presence of MCI.

RECOMMENDATIONS

- 18.A. Since MCI operations depend solely on the Revolving Fund, profits deposited in the Revolving fund should be used solely for expansion of industries and services and for maintenance of existing equipment and operations.
- 18.B. Correctional Industry should analyze the use of correctional officers in its facilities. Those guards which are a unique function of the operation should be identified and viewed as an expense to operations.
- 18.C. In appropriating monies from the Revolving Fund, the General Assembly should consider that only those correctional officers which are unique to

the operation of MCI if any should be appropriated from the Revolving fund.

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FINDINGS AND RECOMMENDATIONS

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FINDING 19. The Department of Corrections and Human Resources has not complied with RSMo 217.180 which states that the Division director shall submit an annual report to the Department director.

RSMo 217.180 states that the annual report shall contain "A report on the industries and farms operations within the division which shall include:

- (a) A list of the industries in operation;
- (b) The number of inmates employed in each industry or farm operation;
- (c) The volume of sales of articles and materials manufactured, grown or processed;
- (d) An operating statement showing the profit or loss of each industry and farm operation;
- (e) The amount of sales to state agencies or institutions, to political subdivisions of the state, and the amount of open-market sales, if any; and
- (f) Such other information concerning the industries and farms as the division director believes should be made available to, or is requested by, the department director."

The General Assembly has provided Department managers with a means to track and evaluate the performance of Correctional Industry. The General Assembly has made this mandatory. By not submitting the report, the Department is violating the statutes and forfeiting a valuable tool for evaluating the Correctional Industries Program.

Many of the problems found with the prison farms may have been identified earlier if the Department had required

annual reports with appropriate data and analyzed the effectiveness of the farm operation.

The University of Missouri, the State Auditor, and the Highway Patrol all evaluated the farm program in 1985. All identified inadequate management as the main shortcoming of the farms program. The State Auditor identified the "lack of adequate reporting to upper level management" as one of two items contributing to the "overall management deficiency".

Farm managers submitted a monthly financial statement to upper management, however, the State Auditor found that "these do not appear to provide sufficient information to upper level management". "In order for upper management to monitor the farm operation, and evaluate the performance of the director of farms and farm manager additional data should be periodically provided to upper management." The Auditor suggests various types of performance measures.

RECOMMENDATIONS

- 19.A. The Department of Corrections and Human Resources should comply with the Statutes by requiring the division director to submit an annual report. The Director of the Department of Corrections and Human Resources should select a date each year so that the Division Director knows exactly when the report is due. The information necessary to properly evaluate operations should be identified and required as part of the annual report.

FINDINGS AND RECOMMENDATIONS

- FINDING 20. Statutory purchasing requirements reduce the efficiency and productivity of the Correctional Industries Program (Chapter 34 RSMo). Some states exempt their prison industries programs from certain requirements due to the unique business oriented aspect of prison industries.

Interviews with the MCI Director and Coordinators show substantial concern that many statutory restrictions impede the profit and productivity of the Correctional Industries Program. Such restrictions diminish their management control which may diminish productivity and efficiency. These restrictions include the inability to:

- 1) accomplish building/equipment repair or expansions through the Division of Design and Construction within efficient timeframes;
- 2) acquire some raw materials costing more than \$2,000 through Office of Administration Purchasing within quick enough time period to produce and deliver all products within 90 days; and

Some examples that can at least in part be attributable to statutory restrictions include:

- 1) 55 trained data entry inmates at the Chillicothe facility who have had no jobs since moving there from Renz Farm (May, 1986). Some resources have been committed but, the terminal moves and other approvals have not been completed at the writing of this report (December, 1986);

2) the electrical system at the Renz Print Shop has been underpowered by 50% for the past three years. Division of Design and Construction has not yet completed the job;

3) a new building is to be built at Algoa for a clothing plant. This project has been "in-the-works" for over two years. Ground has not yet been broken and MCI doesn't know when it will be built;

4) a necessary building expansion to the Renz print shop would allow a new "mail out service" to be created. The MCI Coordinator believes 15-25 additional inmate jobs would be created. OA has turned down MCI's request and no alternate plans are being discussed;

5) the bid process has resulted in MCI having to wait many months for some raw materials that could have been obtained much sooner if MCI were able to buy direct.

Standards developed by the National Institute of Corrections (NIC) support the premise that Prison Industries programs should have certain exemptions from government restrictions.

Purchasing Requirements

As a state agency, MCI is subject to the states requirements applying to the purchase of goods and services. These requirements include competitive bid procedures that involve considerable expenditure of time and are intended to prevent fraud or mismanagement in the procurement process. MCI is the only state agency that purchases large quantities of raw materials and MCI is the only state agency expected to produce products for sale and make a profit.

As described in Guidelines for Prison Industries there are several reasons for exempting prison industries from state purchasing laws.

"The utility of exempting prison industries from the general purchasing law requirements is predicated on several factors. First, that industries can be impeded by competitive bid procedures where quick action is required to make below market cost purchases, eg., distress sales or other special bid opportunities. Second, the competitive bid process through a state procurement office may result in increased prices where bidders anticipate delays in payment from the state buyer. Third, the public trust can be sufficiently protected from fraud or waste through a combination of special bid procedures, oversight from a policy board, annual audits, and the "bottom line" effects from the profitseeking goal for industries."

"To the extent that industries is expected to operate as a private business, cumbersome procurement procedures are both a hindrance to such operation and inappropriate. For, in the private sector the profit motive is expected to lead business to seek the lowest price available. While the profit motive is not relevant to most state agencies, leading to a purchase law substitute, often industries has such a goal or its equivalent."

Many states have recognized the needs for their prison industries program to be free from the procurement restrictions imposed on state agencies. Examples of states that have given their prison industries program such an exemption include California, Georgia, Michigan, Montana, Nevada, New Mexico, North Carolina, South Carolina, South Dakota, Utah, Washington and Wyoming. In Florida the state transferred its prison industry program to a non-profit organization, in part, to allow the program to operate without burdensome state restrictions.

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Missouri's laws subjecting MCI to the state's purchasing requirements are cumbersome and don't take special needs of a profitmaking manufacturing industry into account. The result is a prison industry program that has difficulty expanding at a time when inmate idleness is a major problem. The process also impedes productivity, efficiency and adequate shop supervision.

RECOMMENDATIONS

- 20.A. MCI should consider seeking legislation to exempt prison industries programs from state purchasing laws to speed procurement. Examples of other state's exemptions can be found in Appendix J. Any such exemptions should include safeguards to ensure proper fiscal accountability.

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THE PRISON FARM PROGRAM

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Since much of the Prison Farm Program had been phased out of existence prior to the start of this audit, the auditors relied on the special audit review conducted by the State Auditor, the management report and recommendations of the University of Missouri, College of Agriculture, and the investigation by the Missouri State Highway Patrol along with interviews with DOCHR management staff and the farms phase-out coordinator to assess the farm program. The following summarizes the major management deficiencies that existed prior to the phasedown.

21. The supervisors who were responsible for the farm program were not adequately trained.
22. The prison farm program lacked written procedures for the care of livestock and the production of farm products.
23. The prison farm program lacked effective management reporting for the proper evaluation of the farm program.
24. The prison farm program failed to keep adequate records on the inventory of the farms. Records were so badly kept that it was impossible to prove criminal intent on the part of anyone involved with the farm program.
25. The prison farm program lacked effective physical controls over feed, seed, livestock, tools and access to the farm.
26. The building, grounds and equipment used in the dairy program were inadequate and needed improvement to make the dairy program efficient.

At the time the Committee on Legislative Research voted the resolution for the audit in April 1986, the Department of Corrections and Human Resources had already closed much of the Division of Administration's Farm Program. For that reason this section of the audit is basically descriptive and relies heavily on the earlier investigations of the Church Farm, correspondence between people who have been active in the Farms Program restructuring, and with DOCHR staff.

The Department of Corrections had made and implemented a decision to close the Central Missouri Correctional Center (Church Farm) dairy before the Oversight Division began to investigate operations of the Farm Program. The dairy had been the subject of investigations by a team of specialists from the University of Missouri at Columbia, the state auditor, and the Missouri State Highway Patrol as a result of news reports regarding problems with the farms. The results of these investigations played a large part in the decision to close the dairy.

It should be noted here that the Division of Administration's Farm Program is not the only agriculture program carried out by the Department of Corrections. There is an extensive vegetable farming operation which is not under the Division of Administration and the Department has plans to expand this program.

The Oversight Division identified several areas which were explored. Those areas were: 1) profitability of the Farms Program, 2) the extent to which illegal or unethical activities contributed to the Farms Program's financial status, 3) management practices which contributed to the Farms Program's financial status, 4) profitability of Farms Programs in other states, and 5) the legality of closing parts of the Farm Program.

The Division of Administration's Farm Program consisted of about 4,600 acres located at five different facilities. About 3,150 acres were suitable for growing crops and produced corn, soybeans, wheat, alfalfa, grass hay, pasture and garden produce. Approximately 1,150 acres were pasture, with livestock production consisting of about 195 dairy cows, 145 head of beef cattle, and 250 head of swine. The beef cattle and swine were raised to be slaughtered for food for the Department of Corrections or to be used as breeding stock. The remaining acreage was taken up by roads and buildings. The Farm Program employed about 150 inmates over all. The Church Farm dairy, which was the subject of the various investigations employed 80 to 85 inmates.

The dairy has been closed and slaughter operations have been stopped. The Department has leased out 750 acres at the Renz Correctional Center and 800 acres at the Central Missouri Correctional Center (Church Farm) to private farmers. The Division of Administration is maintaining herds of beef cattle at Church Farm and at the Algoa facility. The cattle are sold at cattle auctions. The program has been profitable initially and current plans are to maintain the program. The 30 to 40 head of cattle currently kept at the Church Farm may be combined with the herd at Algoa. The Algoa operation will require 20 or fewer inmates and, when the dairy equipment and other unnecessary equipment and buildings are disposed of, the Church Farm will employ 8 or 9 inmates.

INVESTIGATION RESULTS

The Agriculture Department of the University of Missouri at Columbia, the Missouri State Highway Patrol, and the Missouri State Auditor have investigated aspects of the Farm Section's Church Farm operation since September of 1984 and all have addressed various aspects of management practices of the prison farm program.

All of the groups which examined the operations of the Prison Farms found that the main shortcoming was inadequate management as evidenced by inadequately trained supervisors and lack of written procedures. The evaluators from the University felt that inadequate training and written procedures were putting the herd and the product (the milk) at risk, thus causing the state direct losses in terms of livestock and potential losses due to possible lawsuits.

The state auditor felt that inadequate training and written procedures were jeopardizing effective management reporting and inventorying, thus leaving many unnecessary opportunities for theft. Representatives of the Missouri State Highway Patrol have said that records were so badly kept that it would have been impossible to prove criminal intent on the part of anyone involved with the farming operation. The auditor noted and the highway patrol agreed that the controls over physical access to the Church Farm were inadequate and also noted that lack of training and written procedures were causing inadequate enforcement of the procedures which were in effect.

The University investigators were most concerned that:

- a) all supervisory positions were not filled,
- b) that not all supervisors were trained to take care of livestock in all situations which might occur,
- c) therefore could not train inmate personnel, and
- d) that the inmate workers did not stay on the job long enough to become really proficient at their duties or were moved very soon after they became good at their jobs.

The first recommendations by the evaluators from the University Agriculture Department concerned filling available supervisory positions, choosing inmate personnel, training supervisors and inmate personnel and providing written instructions or protocols which would guide personnel. The University's next area of emphasis concerned the care of livestock and the schooling of supervisory and

inmate personnel in how to care for livestock in different sets of circumstances. The University also made recommendations about how the buildings, grounds and machinery should be used in the dairy program. The physical facilities needed to be improved to make the dairy program more efficient and safe.

The state auditor's first recommendations concerned the lack of management reports and the need for written policies and procedures. The next area addressed lack of effective controls over feed, seed, livestock, tools, and physical access to the farm. The auditor also made recommendations about the improvement of physical facilities.

The state auditor's first observation was that management reporting was not adequate. The auditor said and the patrol officer who headed the investigation into possible criminal activities agreed that existing rules regarding access to the farm were not being followed (in addition to suggesting other security procedures).

The highway patrol held an investigation into possible theft of livestock, feed, and veterinary supplies. The patrol's focus was on possible illegal activities that occurred. The Patrol did not make any formal observations about control of physical access to the farm, but representatives from the Patrol agreed with the auditor's recommendations on farm security.

SUMMARY OF PRISON FARM RECOMMENDATIONS

The University recommended written "protocols" which would guide personnel as to what actions to take in a given situation and suggested additional and ongoing training for supervisory personnel. The state auditor recommended one specific management report and recommended that written policies and procedures manuals be produced, distributed and

used as guides in day-to-day activities and as a basis for evaluation of personnel.

All of the group which studied the farm operation agreed that the first step in solving the problems facing the Church Farm would be to upgrade the quality of supervision. This means upgrading the supervisors abilities to care for the livestock and the physical plant, to report to higher management, to keep track of and control access to animals, feed, and supplies, and to control access to the farm itself.

Next in importance was the upgrading of the physical facility. The first suggestions made by both the University and the state auditor regarded immediate repair and replacement of equipment which was necessary to ensure the purity of the farm's milk. The persons from the University made a number of additional suggestions which were aimed at upgrading the quality and health of the herd in the long term.

The state auditor and the highway patrol agreed that physical access to Church Farm was entirely too easy for unauthorized persons and made suggestions for tightening that access.

The short term recommendations that all supervisory positions be filled were implemented by the Department, as were the recommendations for additional training and for written procedures. The repairs deemed necessary immediately to ensure the purity of milk were made. The Department agreed to the suggestions made to limit access to the farm to unauthorized persons. Many of the intermediate and long-range recommendations were judged to be too costly to initiate.

PHASE DOWN

Decision to Phase Down

The state auditor had strongly recommended that the Department of Corrections look at the cost effectiveness of any additional expenditures on the Church Farm.

The Department of Correction's Director of Administration has stated that the Department would not phase out any activity which comes under the aegis of the Working Capital Revolving Fund unless three criteria are met: 1) the activity is not profitable, 2) the activity cannot in their judgement be made profitable in the foreseeable future, and 3) there are major problems in the management of the activity.

The Farm Program as it was constituted met all of the criteria, in the judgement of the Department.

The farms Phase-out Coordinator obtained figures on the cost of implementing some of the major long term recommendations suggested by the representatives of the University of Missouri. The cost came to more than \$250,000.

The Department concluded that an upgraded Church Farm ~~could~~ be run by the supervisory staff and 20 to 25 inmates (compared to 80 in the "old" operation). This would mean an outlay of at least \$10,000 per inmate worker. The Department felt that considering the difficulties that experienced farmers are having making their operations profitable there would be no guarantee that an upgraded dairy operation would be profitable which is one reason the decision was made to phase down the farm program.

The Farm Program section of the Working Capital Revolving Fund showed an average loss of \$128,432 per year for the ten years from fiscal 1977 through fiscal 1986 for a total of \$1,284,321. The dairy showed a profit for two of the ten

years but those profits were not enough to make the overall farm program profitable.

Profitability

According to Department of Corrections and State Auditor figures, the Farm Program lost money for all but three years from fiscal year 1975 through fiscal year 1986. Table 11 lists the profits and losses from FY 75 - FY 86.

TABLE 11

Net Profit/Loss All Prison Farms

Fiscal Year	Profit (Loss)	Sales
1975	(138,592)	537,064
1976	26,924	630,188
1977	(51,925)	613,372
1978	88,967	740,130
1979	23,392	826,702
1980	(150,372)	911,217
1981	(117,832)	1,115,020
1982	(203,347)	1,103,752
1983	(47,206)	1,172,575
1984	(302,576)	1,214,236
1985	(189,012)	1,461,411
1986	(334,410)	1,339,876

Source: State Auditor of Missouri; Review of Central Missouri Correctional Center Dairy and Farming Operations; 1985 (1975-1984); Department of Corrections and Human Resources; Financial Statements: Working Capital Revolving Fund; June 30, 1986 (unaudited)

The State Auditor has, for the last three audits, taken issue with the method by which inventories are valued. Inventories have been valued only at the raw material costs which understate their actual value. The auditor indicated that the amount by which the practice affects the financial statements of the Working Capital Revolving Fund and the profits of the farm cannot readily be determined.

The Department of Corrections did not want to project whether the Farm Program would show a profit for fiscal 1987. They did receive the initial payments from their leasing agreements, but these were received in fiscal 1986. The bulk of the payments are due during fiscal year 1987, but the lands leased were flooded during September and it is not known whether the farmers who leased the land will be able to meet their obligations. Department of Corrections has sold cows and steers during fiscal year 1987, but most sales have been made as a part of the phase down of the dairy.

Legality of Phase Down

Section 217.600 RSMo., 1984 Supplement, states that "The division shall establish and operate at its institutions a correctional farm program. The division director shall have general supervision over the planning, establishment and management of all farm operations within the division" and section 217.605 states that "The correctional farm program shall be diversified so as to employ as many inmates as possible".

The Attorney General stated in an Opinion Letter (No. 59-86) to Senator Jim Strong that the vegetable farming operation "...appears to produce a large and diversified crop of vegetables. This vegetable farming operation also appears to employ a substantial number of inmates. Thus, we conclude that the current correctional farm program complies with Sections 217.600 and 217.605, RSMo Supp. 1984."

Vernon's annotated statutes shows one case in its "Notes of Decisions" section for 217.600. That case simply affirmed that the state prison farms were within the jurisdiction of the Department of Corrections. There is no case law with regard to how many separate farming programs are required for the farm program to be "diversified" or with regard to how many inmates are "as many...as possible".

OTHER STATES FARM PROGRAMS

A survey conducted by the Oversight Division of all other states prison industries programs included a section on prison farms. Several states note that the prison farms program is funded separately from prison industries. Of the eighteen states that did provide profit and loss information, only five reported that they were profitable.

There does not seem to be any pattern among those reporting that their prison farms programs are profitable:

Arkansas prison farms are financed from a trust fund which is separate from the industries trust fund. Arkansas has spent over \$6,000,000 upgrading farm equipment and acquiring land over the last three years. One of their goals is to make the Department of Corrections nutritionally self-sufficient. Arkansas has nearly 16,000 acres of land at their main farm facility and over 9,000 acres are suitable for planting. They work very closely with appropriate extension agents in order to make certain that they can be eligible for any federal farm programs and have received between \$350,000 and \$550,000 from the U.S. Department of Agriculture's Payment in Kind (PIK) program each year the program has been in effect.

Florida reported that their farms program was made profitable by simply cutting back on those operations which lost money. They report that they make money on dairy farming, hog farming, sugar cane, and forestry.

Iowa is in the process of rebuilding their farm operation. Several years ago Iowa drastically reduced farm operations. Herds of cattle and swine were sold, equipment and some land was sold, and some land was leased. Subsequently, the state has decided to rebuild the farms program.

Louisiana says that their farms are not profitable if one goes strictly by the books but that they save considerable

amounts of money versus the fair market value of milk, vegetables, and meat that they would have to pay if not for the farms. The major changes they have implemented since 1980 (when their farms were not profitable in any sense) involved hiring competent supervisors, involving the University Extension Service, and getting Department and Institutional staff involved.

Michigan reports that their dairy, cattle and hog farming operations are showing a profit. They also make some money selling eggs.

Kentucky, Mississippi, North Carolina, Oklahoma and Washington report that their prison industries operate farm programs and that the programs are not profitable. Washington is in the process of evaluating farm operations to determine in those operations should continue.



STATE OF MISSOURI
DEPARTMENT OF CORRECTIONS
AND HUMAN RESOURCES

P.O. BOX 236
JEFFERSON CITY, MISSOURI 65102

March 13, 1987

DICK D. MOORE
DIRECTOR

Ms. Natalie Tackett, Director
Oversight Division
State Capitol Building, Room 132
Jefferson City, Missouri 65101

Dear Ms. Tackett:

Attached are the Department of Corrections and Human Resources final responses to the Oversight Division's Program Audit Report No. 1 on Missouri Correctional Industries.

If you have any questions regarding these responses, feel free to contact me or David V. Kormann, Director of Administration.

Sincerely,

Dick D. Moore
Director

DDM:jcm

Attachment

cc: Gail Hughes
David V. Kormann
George Lombardi
Donald Gerling
Howard Miller
Bill Gooch
Mike Hasselman

PROGRAM AUDIT REPORT NO. 1
CORRECTIONAL INDUSTRIES PROGRAM
DIVISION OF ADMINISTRATION
DEPARTMENT OF CORRECTIONS AND HUMAN RESOURCES
FEBRUARY 23, 1987

Finding No. 1 - Quality Assurance System:

DCHR Response:

- 1-A- B-C) The Department of Corrections and Human Resources was pleased to note that responses to the Oversight Division's survey of MCI's present customers did not reveal quality as a major problem or concern. However, MCI knows that effective quality control is an extremely important part of the success of any business and as such intends to aggressively pursue quality control in order to avoid future problems and improve overall production efficiency. MCI is in the process of designing a quality control recording and reporting system through the purchase of an IBM personal computer to monitor many of the central office functions which include sales and inventories of finished goods. The computer will also be utilized to track and analyze customer complaints. However, the method of accumulating that data has not been determined. The recommendation to use customer return cards is certainly a viable option which will be studied further before implementation. MCI will contact the states of New Mexico and Nebraska for copies of their quality control procedures.
- 1-D) MCI does require inspection of products in every industry and holds the inspectors accountable for enforcement of those inspections. One individual in each factory, usually the line supervisor or factory manager, assumes additional duties as quality control inspector. However, quality control does not end in the factories. A procedure has been established which exposes each product leaving the factory to five inspections.
- 1) The first inspection is made in the factory by the line supervisor or factory manager.
 - 2) The second inspection is performed by the driver designated to pick up the products from the factory.
 - 3) The third inspection is made by the storekeeper when the product is delivered to the Finished Goods Warehouse.
 - 4) A fourth inspection is performed by the storekeeper when the product is scheduled for delivery to the customer.

- 5) A final inspection is completed by the driver scheduled to deliver the product to the customer.

At each control check, the individual performing the inspection signs the internal movement order (transcript) and by doing so becomes fully responsible for its condition and handling. These steps were established January 10, 1986, and have been in effect since that time.

With further expansion of industry operations scheduled for the future, quality control inspectors may need to be established as full-time positions.

- 1-E) MCI will study the Federal Industries Corporation (UNICOR) ongoing quality assurance program.

Finding No. 2 - Delivery Schedules:

DCHR Response:

- 2) For several months, MCI has been studying the need for producing items for inventory as opposed to producing only from requests. On January 15, 1987, MCI secured 10,300 sq. ft. of storage space on a temporary month-to-month basis. Before this storage space was obtained, however, several factories began producing items for stock and as of March 6 approximately \$39,000 worth of finished furniture and \$126,000 worth of inmate clothing, mattresses, pillows, mops, etc., are on-hand at the warehouse location. Although the present warehouse space is small, it will help to eliminate some of the problems with excessively long delivery times. In addition, by moving the finished products out of the factories, it has allowed extra production and assembly areas. This additional space will increase the production of the Furniture Factory to a level whereby it will be able to produce, assemble, and ship approximately \$6,000 worth of finished products per day starting April 1, 1987. This rate of production, combined with other increased factory outputs will necessitate additional warehouse/storage space in the future.

As more sales are made from the Finished Goods Warehouse, production schedules and sales trends will begin to emerge. These trends will be analyzed and data will be accumulated for forecasting short and long range planning.

Finding No. 3 - Tracking System for Customer Orders:

DCHR Response:

- 3-A) MCI agrees with this recommendation and will establish guidelines and monitor the length of time an order remains in a factory or warehouse. However, problems such as those mentioned in the findings of this audit should be

greatly reduced with the expansion of a number of factories/services.

Finding No. 4 - Inmate Labor:

DCHR Response:

- 4-A-B) As mentioned in Finding Number 2-A, eliminating the storage of finished goods in factory areas by use of a warehouse will allow for the expansion of production and assembly space. With increased production, inmate labor will be used in a more efficient manner.

Finding No. 5 - Inmate Idleness:

DCHR Response:

- 5-A) The department is aggressively attempting to increase employment of idle inmates throughout the system. The department has established an Industries Task Force and an Education Task Force to study issues regarding appropriate employment and vocational training/education programs respectfully. These task forces will meet on a regular basis to continue development of both short and long range plans for maximizing the limited resources of the department.
- 5-B-C) The Department of Corrections and Human Resources has begun the process of long range planning to provide for full-time work and program assignments for all inmates. Meetings of the MCI Task Force in August and September 1986, led to a number of decisions regarding improvement and expansion of present industries, the development of new employment opportunities and the possibility of joint ventures with the private sector. The issue of "normalizing" the work environment for inmate employees was conceived in the Task Force Meetings and is included in the minutes of those meetings. The meeting minutes have been provided to the Oversight Division audit staff and include a number of possible incentives to draw additional inmate workers to industries and subsequently improve quality of the products/services. Incentives such as those discussed by the Task Force provide the groundwork for "normalizing" the work environment.

It should be noted that an industry has been established at the newly opened Farmington Correctional Center. This operation is a laundry/dry cleaning unit which will provide service to the institution and the mental health hospital at Farmington.

Finding No. 6 - Expansion of Existing Industries:

DCHR Response:

6-A)

Through the MCI Task Force, it was determined that approximately 14 of the 19 present industry/services have possibilities for expansion sometime in the future. Obviously, expansion is only possible with a heavier emphasis on marketing/sales strategies and the ultimate demand for the product. MCI targeted the Furniture Factory at MSP as the first operation for expansion and has utilized profits of the Working Capital Revolving Fund for purchase of additional equipment and the hiring of additional civilian and inmate employees. That operation now has a regular line and a special line of furniture production.

MCI has also recently expanded the Data Entry operation at Renz Correctional Center (RCC) to the Chillicothe Correctional Center (CCC). The CCC operation will employ 16 to 18 female data entry operators previously trained and employed at RCC. Data entry contracts have been established with state agencies with the work at CCC requiring a turnaround of approximately one week. A second shift at CCC is a possibility in the future.

MCI is also in the early stages of planning for expansion of both the Metal and Sign Shops at the Missouri Training Center for Men (MTCM) at Moberly.

6-B)

The department disagrees that reorganization should be considered to insure production efficiencies and reduced idleness by correctional industries. MCI has an excellent working relationship with institutional staffs and is considered a very positive aspect of an institution's overall operations. MCI is under the authority of the Division of Administration whose Director is an organizational position in the department comparable to the Director of the Division of Adult Institutions.

Although all MCI operations are geared toward production, they maintain an attitude that the security of the institution is the first priority. MCI will continue to work closely with institutional management to control key policies such as "call-outs" and transfers of inmate workers.

Finding No. 7 - MCI/Private Sector:

DCHR Response:

7-A-
B-C)

For several months the Division of Administration and MCI management staff have studied the issues regarding private sector involvement in correctional industry programs. While there are a number of such programs that have been established nationwide, success of these operations has varied from state-to-state. The department is interested in further research regarding involvement with the private sector and has discussed these issues on several occasions with re-

representatives from the National Center for Innovations (NCIC) in Corrections of the George Washington University. A meeting has been scheduled during the month of March 1987 to further discuss these issues with a representative of NCIC.

Finding No. 8 - Long Range Planning:

DCHR Response:

- 8-A) The department agrees that in the past the Industrial Advisory Board has not been utilized to its fullest potential. Missouri statutes require board meetings on a quarterly basis and up until one and one-half years ago, the board was not fully staffed and meetings were frequently skipped. However, since that time the board has met quarterly with discussions that have included improvement and expansion of present industries, FY-88 budget requests, and the possibilities of new employment opportunities. The next board meeting will include a presentation from a representative of NCIC to discuss the possibilities of private sector involvement.
- 8-B-C) The department is opposed to changing the Industrial Advisory Board to a policy making board. The department believes the present makeup of the board as established by Missouri statute is appropriate and can provide valuable assistance in developing future plans of action for improved and expanded inmate employment opportunities. The key is effective utilization of the board by the department.
- 8-D) MCI has set forth a short and long range plan for correctional industries. These plans are consistent with the overall plan of the Department of Corrections and Human Resources and are contained in the memorandums of August 26, September 10, and 29, 1986, from the Director of Administration to the Department Director. MCI will continue to plan for the future to include implementation of new programs or products, the number of inmates to be employed, staffing requirements, capital expenditure forecasts, and expenditure revenue forecasts.

Finding No. 9 - Efficiency/Profitability Analysis:

DCHR Response:

- 9-A) The department agrees with this recommendation and has implemented in part. The evidence that this is being done is in the Furniture Factory at the Missouri State Penitentiary. New equipment, new quality control procedures, the addition of a special production line, the moving of raw materials to a storage building outside the factory for faster and easier requisitioning and the adding of additional assembly areas are all areas of improv-

ing efficiency and profitability. Similar plans are in development for the Clothing Factory at the Missouri State Penitentiary and the Metal and Sign Shops at the Missouri Training Center for Men at Moberly. The audit also recommended that MCI realign the charge structure to be more in line with segment costs to eliminate the overcharging of selective users. On October 9, 1986, a meeting was held concerning warehouse and trucking charges and after a thorough discussion a breakdown of charges were given for warehouse and trucking.

- 9-B) The department agrees with this recommendation and will insure that audit responses that have been agreed upon will be implemented.

Finding No. 10 - Marketing Program:

DCHR Response:

- 10-A) The department agrees with this recommendation and will develop written policies and procedures to implement an effective marketing program.
- 10-B) The department agrees with this recommendation and will insure that staff acquire special training and marketing/sales skills.
- 10-C) Development of marketing strategies is presently the responsibility of the Assistant Director of MCI. MCI agrees that a heavier emphasis on marketing is warranted and can pursue such an issue without designating marketing as a separate function. Obviously the issue of marketing and sales strategies go hand-in-hand with the expansion of existing industries, in fact, they are dependent on each other.

Finding No. 11 - Market Analysis:

DCHR Response:

- 11-A
B-C) The department agrees with these recommendations and will place a heavier emphasis on data collection for analyzing the use market to develop a sales plan and planning production levels. As indicated in response to Recommendation 2, a formal complaint log will be developed to track customer dissatisfaction and identify potential problem areas.

Finding No. 12 - Enforcement of Purchasing Statutory Requirements:

DCHR Response:

- 12-A-
B-C) The department agrees that the statutory requirement that state agencies purchase correctional industries products is not being enforced. However, this issue may be moot

due to the decision to expand several industry operations. Warehoused products available for immediate delivery should greatly reduce the number of certificates of availability (exemptions) that MCI issues.

- 12-D) The department agrees with this recommendation to seek legal clarification of the application of the law requiring the purchasing of MCI products by the University of Missouri.

Finding No. 13 - Production Planning:

DCHR Response:

- 13-A-B- The department agrees with these recommendations and will advise state agencies of this statutory requirement that they report estimates for next year's purchases of prison made goods to MCI. This will include the development of a format and guidelines for consistent reporting from the state agencies which MCI will utilize for future production planning.

Finding No. 14 - Marketing to Political Subdivisions:

DCHR Response:

- 14-A-B) The department agrees with these recommendations and has already begun the process of evaluating the need for increasing the sales staff for better communications to current and prospective customers.
- 14-C) The department agrees with this recommendation and has developed brochures on signs and furniture restoration.
- 14-D) The department agrees that this recommendation has merit and it will be researched further for possible future use.
- 14-E) The department agrees with this recommendation and will develop a mailing list to insure that marketing materials and catalogs reach the intended customer.

Finding No. 15 - Verification of Pricing:

DCHR Response:

- 15) The department agrees that MCI presently has no systematic method to insure the prices of its goods are not more than the market prices for like goods and services, however, price comparisons are made on an irregular basis by the Director and Assistant Director of Industries. As the sales staff increases this procedure will be formalized on a regular schedule.

Finding No. 16 - Discounts:

DCHR Response:

- 16) The department agrees with this recommendation and will seek legal clarification on whether the statutes prohibit quantity discounts.

Finding No. 17 - Recheck Pricing Computations:

DCHR Response:

- 17) The department agrees that the mathematical computations used in the extension of individual prices for items should be checked by a second person. The Director and Assistant Director of Industries will share that responsibility in the future.

Finding No. 18 - WCRF - Wages for Correctional Officers:

DCHR Response:

- 18-A- The department agrees that MCI operations depend solely on the Working Capital Revolving Fund and any profits deposited in the revolving fund should be used for expansion of industries and services and for maintenance of existing equipment and operations. However, MCI management also realizes the importance of security issues in the industry operations. MCI agrees that in appropriating money for the revolving fund the General Assembly should consider only those Corrections Officers which are unique to the operation of industries.

Finding No. 19 - Annual Report:

DCHR Response:

- 19) The department takes exception to the finding that the Director of Administration has not complied with RSMo 217.180 to submit an annual report to the Department Director. While an annual report regarding industries and farms may not have been formalized, since May 1985, the Department Director has been provided with numerous reports, memorandums, and planning documents regarding the farms and industries operations. These reports, memorandums, and planning documents have been used to evaluate the operations and were the basis for the decisions to improve and expand industries and scale-down the farming operations. A great majority of these documents were provided to the Oversight Division audit staff.

In the future, the Director of Administration will formalize an annual report at the end of each fiscal year.

Finding No. 20 - MCI Exempt from Statutory Purchasing Requirements:DCHR Response:

20-A) The department agrees with this recommendation to consider seeking legislation to exempt MCI from state purchasing laws in order to speed procurement. Although the Office of Administration, Division of Purchasing provides great assistance to MCI, the critical need for purchasing raw materials and equipment on a timely basis warrants special consideration in order to maintain a even flow of production. If the department chooses to seek legislation it would not be requesting a total abandonment of the purchasing system. MCI would want to continue competitive bidding, however, in an expedited process.

Finding No. 21-26 - Prison Farms:DCHR Response:

The Department of Corrections and Human Resources announced its decision to scale-down its farming operations in December 1985. That process began immediately and as of this date a beef herd operation remains at the Algoa and Central Missouri Correctional Centers and tillable farm properties are leased to private farmers at the Renz and Central Missouri Correctional Centers. The department is presently researching alternatives for possible expansion of farming operations to make maximum use of its land, buildings, equipment, and inmate resources.

DVK:jcm

Attachment

APPENDIX A

FY 1986 Recorded Complaints by Type of Complaint

COMPLAINTS REGARDING FURNITURE RESTORATION SHOP
Missouri Eastern Correctional Center
Pacific, Missouri

	DESKS	CHAIRS	MAILBOXES	FILE CABS.	LOUNGES	TOTALS
Broken	1	1				2
Re-glued		1				1
Used wrong fabric		4				4
Damaged			1			1
Dented				2		2
Buttons coming off					1	1
Seams coming apart					2	2
TOTAL	1	6	1	2	3	13

SOURCE: Prison Industries Sales Office Files
containing FY 1986 orders

COMPLAINTS REGARDING CLOTHING FACTORY
Missouri State Penitentiary
Jefferson City, Missouri

	TOTALS
Style of Clothes Not Acceptable	1
Flaw in Material	1
Sleeves too Long	1
Shirt Pockets Crooked	1
Wrong Size Shirts	1
TOTAL	5

COMPLAINTS REGARDING WOOD FURNITURE FACTORY
Missouri State Penitentiary
Jefferson City, Missouri

	DESKS	CHAIRS	TABLES	FILE CABS.	SIGNS	TOTALS
Cracks		1	1			2
Broken	1	6				7
Scratches	1		2	1		4
Screws loose or needs glue		6				6
Wrong product delivered	3	2				5
Not as ordered		2			1	3
TOTAL	5	17	3	1	1	27

SOURCE: Prison Industries Sales Office Files

COMPLAINTS REGARDING METAL FURNITURE SBOP
Missouri Training Center for Men
Moberly, Missouri

	DESKS	STORAGE CABINET	FILE CABS.	COAT RACK	TOTALS
Drawers do not work properly			9		9
Paint Bad			1		1
Dents/Scratches		1	5		6
Not as ordered	1		4		5
Lock does not work			4		4
Not put together well				1	1
TOTAL	1	1	23	1	26

SOURCE: Prison Industries Sales Office Files
containing FY 1986 orders

COMPLAINTS REGARDING LICENSE PLATES & TAGS
Missouri State Penitentiary
Jefferson City, Missouri

	TOTALS
Incorrectly Printed Plates	6
Plates Wrong Color	1
TOTAL	7

COMPLAINTS REGARDING CHEMICAL PLANT
Missouri State Penitentiary
Jefferson City, Missouri

	TOTALS
Orders Short	1
Bad Soap	1
TOTAL	2

SOURCE: Prison Industries Sales Office Files
containing FY 1986 orders

COMPLAINTS REGARDING SIGN SHOP
Missouri Training Center for Men
Moberly, Missouri

	SIGNS	TOTALS
Made incorrectly	1	1
Sent wrong signs	1	1
TOTAL	2	2

COMPLAINTS REGARDING PRINT SHOP
Missouri Training Center for Men
Moberly, Missouri

	TOTALS
Sent wrong product	3
Forms incorrectly printed	2
Envelopes need more glue	1
TOTAL	6

SOURCE: Prison Industries Sales Office Files
containing FY 1986 orders

A P P E N D I X B

Survey of Purchasers and Potential Purchasers of
Missouri Correctional Industry Products

PURCHASING SURVEY

Correctional Industries Section

INDIVIDUAL RESPONSES TO THIS QUESTIONNAIRE WILL BE CONFIDENTIAL

The overall objective of the Correctional Industries Section performance audit is to determine whether or not the Prison Industries is conducting its activities and expending public funds in accordance with law and in an efficient and effective manner. The following questions are related to this objective and are intended to provide the audit staff with information (for example, comments, suggestions, perceptions, leads, etc.) which will enable us to identify and focus on key issue areas for further detailed study.

Name _____ State Agency 64 Other 7
Representing _____ Library 13 City 38
County 52 School 54

1. Are you familiar with Prison Industries products and services?
1) Yes 200
2) No 26
2. Do you on a regular basis buy from Prison Industries?
1) Yes 87
2) No 134
3. If yes, what products or services do you regularly purchase?

4. Are you aware of all goods produced by Missouri Prison Industries?
1) Yes 158
2) No 68
5. If you do not buy on a regular basis, did you purchase Prison Industries Products in the last fiscal year?
1) Yes 94
2) No 91

6. If yes, what products did you purchase in the past year?
(List product and quantity purchased.)

7. Would you rather purchase from private industry than from
Prison Industries?

- 1) Yes 52
2) No 143

8. If yes, what are your reasons?

- 1) Better quality 28
2) Lower prices 24
3) Faster delivery 31
4) Products unavailable 14
5) Other 20

Please explain _____

9. Has your agency been satisfied with the quality of Prison
Industries products?

- 1) Very satisfied 104
2) Somewhat satisfied 58
3) Not satisfied 3

10. Has your agency been satisfied with the timeliness of
delivery of Prison Industries products or services?

- 1) Very satisfied 72
2) Somewhat satisfied 58
3) Not satisfied 36

11. Is your agency satisfied with Prison Industries prices?

- 1) Very satisfied 107
2) Somewhat satisfied 58
3) Not satisfied 9

12. Have you ever had to return a purchase for repair or
replacement?

- 1) Yes 48
2) No 128

13. For what reason?

- 1) Poor quality 37
2) Damages 23
3) Price 0

14. Have you ever refused to accept a purchase?

- 1) Yes 22
2) No 161

15. For what reason?

- 1) Poor quality 12
2) Damages 10
3) Price 0
4) Wrong product 7
5) Other 1

16. Have you registered a complaint regarding any Prison
Industry products or services?

- 1) Yes 34
2) No 156

If you had any complaints, how did Prison Industries respond to
your problem?

17. 1) Within a reasonable time 33
2) Not within a reasonable time 4

18. 1) Overall satisfactorily 35
2) Overall not satisfactorily 4

19. 1) Resolved the problem 36
2) Did not resolve the problem 3

20. Would you consider expanding your purchases of prison made
products?

- 1) Yes 149
2) No 25

Why or why not? _____

21. Does your agency make a conscious effort to avoid buying
from Prison Industries?

- 1) Yes 4
2) No 201

22. If you rarely purchase products from Prison Industries, what would entice you to consider buying more products from Prison Industries?

1. More information 82
2. Better quality 24
3. Better service 15
4. Faster deliveries 43
5. Different products 27
6. Different designs of current products 14
7. Better price 44
8. Other 35

Please explain _____

23. Do you feel Prison Industries products are of better quality, the same quality or worse quality than similar products from private sources?

1. Better 20
2. Same 130
3. Worse 20

24. Do you expect a better or worse product from Prison Industries as opposed to private sources?

1. Better 27
2. Same 145
3. Worse 11

25. Have you received a copy of the 1986 Prison Industries catalog?

- 1) Yes 139
- 2) No 72

26. If you have received a catalog, what is your impression of the catalog in terms of presentation?

- 1) Excellent 48
- 2) Good 86
- 3) Average 12
- 4) Poor 1
- 5) Bad

27. Please give any other comments you have regarding Prison Industries products or services.

APPENDIX C

State of New Mexico's and Nebraska's
Quality Control Procedures

NEW MEXICO CORRECTIONAL INDUSTRIES

POLICIES & PROCEDURES MANUAL

RECEIVED

NOV 05 1985

OVERSIGHT DIVISION
LEGISLATIVE RESEARCH

NUMBER: CI-117100
DATE ISSUED: 7/1/85
EFFECTIVE DATE: 7/1/85

SUBJECT: Quality Control
Procedures

I. AUTHORITY:

Corrections Industries Act, Sections 33-8-1 et. seq. NMSA 1978.

II. REFERENCE:

ACA Standard 1.5.1, Manual of Standards for Correctional Industries, 1981.

III. PURPOSE:

It is the purpose of this policy to ensure that Corrections Industries has a viable, comprehensive and effective quality control procedure.

IV. APPLICABILITY:

This policy applies to all full-time staff employees and all inmate employees of Corrections Industries.

V. DEFINITIONS:

None.

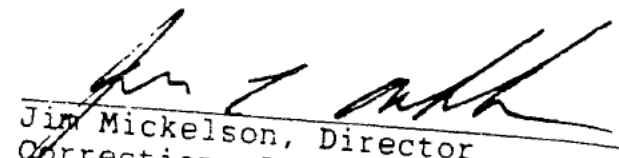
DATE ISSUED: 7/1/85
EFFECTIVE DATE: 7/1/85

NUMBER: CI-117100
PAGE: Two

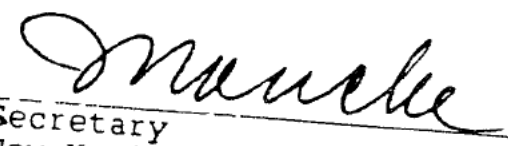
VI. POLICY:

It is the policy of Corrections Industries that a comprehensive and effective quality control procedure be used in all aspects of Industries operations. It provide for inspection of incoming raw materials, per inspection of work in process and final inspection of finished goods.

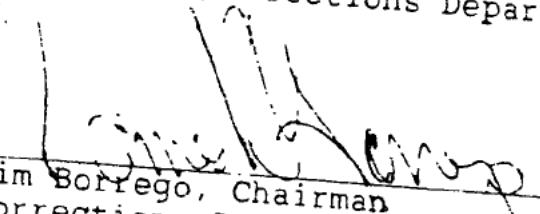
Date


Jim Mickelson, Director
Corrections Industries

Date


Secretary
New Mexico Corrections Department

Date


Jim Borrego, Chairman
Corrections Industries Commission

NUMBER: CI-117101
DATE ISSUED: 7/1/85
EFFECTIVE DATE: 7/1/85

C-

SUBJECT: Quality Control

AUTHORITY:

Policy CI-117100.

PROCEDURE:

A. Quality Control (QC) of Industries products shall be maintained by two methods:

1. Informal random and frequent inspections of Industries goods during all phases of the manufacturing process. These informal inspections will be conducted by the shop supervisors and the Industries Manager as opportunities present themselves.
2. Form QC inspections at various stages of the manufacturing process. These formal, documented inspections will be conducted by the shop supervisors and by formally designated inmate QC inspectors. These inspections must examine product specifications, i.e., dimensions, finishes and colors; tolerances and proper operation of moving parts. Mechanical devices such as gauges, sizing boards and color chips should be used whenever possible to insure maximum quality and uniformity. This inspection will involve 100% of the furniture and upholstery products, the auto body work, while random sampling may be used on all other product lines. Meat and other farm products are governed by other inspection regulations and are not the subject of this procedure.

B. The following documents will be used to record the results of these formal inspections.

1. The Corrections Industries Move Ticket, Attachment 1, CI-117101.1 which is used to authorize the movement of an assembly, subassembly or part from one location within industries to another. The inspector will conduct the inspection prior to movement of the piece. As evidence of the satisfactory inspection, the inspector will sign and date the move ticket where indicated.

NUMBER: CI-117101
 DATE ISSUED: 7/1/85
 EFFECTIVE DATE: 7/1/85

SUBJECT: Quality Control

I. AUTHORITY:

Policy CI-117100.

I. PROCEDURE:

A. Quality Control (QC) of Industries products shall be maintained by two methods:

1. Informal random and frequent inspections of Industries goods during all phases of the manufacturing process. These informal inspections will be conducted by the shop supervisors and the Industries Manager as opportunities present themselves.
2. Form QC inspections at various stages of the manufacturing process. These formal, documented inspections will be conducted by the shop supervisors and by formally designated inmate QC inspectors. These inspections must examine product specifications, i.e., dimensions, finishes and colors; tolerances and proper operation of moving parts. Mechanical devices such as gauges, sizing boards and color chips should be used whenever possible to insure maximum quality and uniformity. This inspection will involve 100% of the furniture and upholstery products, the auto body work, while random sampling may be used on all other product lines. Meat and other farm products are governed by other inspection regulations and are not the subject of this procedure.

B. The following documents will be used to record the results of these formal inspections.

1. The Corrections Industries Move Ticket, Attachment 1, CI-117101.1 which is used to authorize the movement of an assembly, subassembly or part from one location within industries to another. The inspector will conduct the inspection prior to movement of the piece. As evidence of the satisfactory inspection, the inspector will sign and date the move ticket where indicated.

DATE ISSUED: 7/1/85

NUMBER: CI-117101

EFFECTIVE DATE: 7/1/85

PAGE: Two

2. The Corrections Industries Delivery Ticket, Attachment 2, CI-117101.2. The inspector, as evidence of the satisfactory inspection, will sign and date the ticket where indicated. The merchandise will undergo final inspection by the supervisor of the last shop to handle it. The merchandise will also be inspected by the warehouseman (at institutions having an individual serving in such a capacity) prior to loading the truck. The truck driver will also inspect the items prior to loading the truck, if possible. If not, he will inspect the items when they are unloaded. In all cases, the individual conducting the inspection will sign the Delivery Ticket at the place indicated signifying that the goods are in satisfactory condition, they will be returned to the shop or held in the warehouse as appropriate and the shop supervisor and the Industries Manager informed.
3. The Print Shops will use the Corrections Industries Quality Control Log, Attachment 3, CI-117101.3 which provides for a quality check at specific intervals during the run. The Print Shop Supervisor will be responsible for completing the top portion of the form. The operator will check the run for quality at the interval prescribed and sign his name indicating the number of the piece checked. The form will remain with the order until it is completed. It will then be detached and filed with the Central Office copy of the Work Order.

C-8 DATE ISSUED: 7/1/85

NUMBER: CI-117101

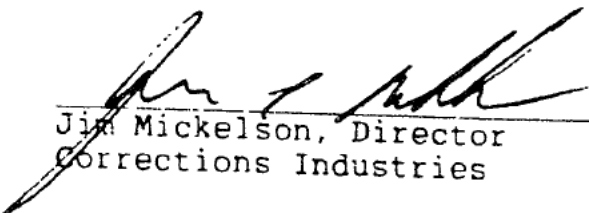
EFFECTIVE DATE: 7/1/85

PAGE: Three

C-9

C. Incoming raw materials will be inspected upon receipt, to determine if they are the quantity, quality and type which were ordered and that are in good condition.

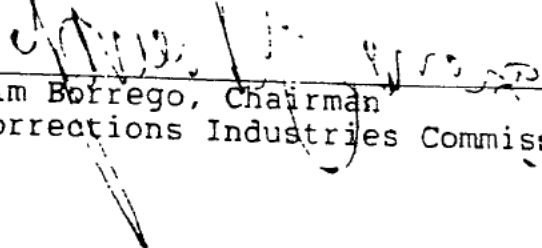
Date _____


Jim Mickelson, Director
Corrections Industries

Date _____


Secretary
New Mexico Corrections Department

Date _____


Jim Bofrego, Chairman
Corrections Industries Commission

Attachment 1

CI 117101.1

CORRECTIONAL INDUSTRIES

MOVE TICKET

SHOP: _____ DATE: _____

W.O. #: _____ S.O. #: _____

QUANTITY: _____

DESCRIPTION: _____

MOVED TO:

FINISHED GOODS ()
SHIPPING ()
SHOP NO.: _____ ()

WORK ORDER COMPLETED BY THIS MOVE

YES () NO. ()

MOVED BY: _____

RECEIVED BY: _____

MAX
-RAL
C-10
ERN
(W.D.)

DELIVERY TICKET
WORK ORDER /
AGENCY P.O. /
DATE SHIPPED:

COMMENTS:

FINAL INSPECTION PRIOR TO
SHIPPING BY _____

ITEM NO.	QUANTITY	DESCRIPTION
		Complete _____
		Partial _____
		Short Shipment _____
		Explanation _____

Complete _____
Partial _____
Short Shipment _____
Explanation _____

1. ☐ **RECEIVED VIA** _____ **RECEIVED IN GOOD CONDITION BY:** _____
 2. ☒ **ORDERED BY (DRIVER)** _____ **PLEASE PRINT NAME** _____
 3. **INSPECTED BY (DRIVER)** _____ **DATE RECEIVED** _____
 4. _____ **MERCHANDISE REFUSED BY** _____

SITE-BILLING

C-11
Attach
CI-117.

No. _____ Start up ok'd by _____

Date issued to shop _____

press operator _____

THIS ORDER MUST BE CHECKED IN PROCESS EVERY _____

quantity check

Operator

Piece N

0-250 — Every 25

250-500 — Every 50

.500-1000 — Every 100

1000 and up Every 250

This check sheet **must**
be attached to every
Work Order.

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	



Memorandum

DEPARTMENT OF
CORRECTIONAL
SERVICES

TO: NCI Staff
FROM: Don Lincoln, NCI Superintendent
SUBJECT: NCI QUALITY CONTROL STANDARDS

The following Quality Control Standards outline will be followed in all areas of N.C.I. Manufacturing.

1. Receiving (Raw Materials or Components)

- A. All received materials will be inspected in accordance with Mil. Spec. - 105D sampling plan (AQL).

Lot Size	Sample Size	Defects	
		Accept	Reject
1 - 8	2	0	1
9 - 15	2	0	1
16 - 25	3	0	1
26 - 50	5	0	1
51 - 90	5	0	1
91 - 150	8	0	1
151 - 280	13	1	2
281 - 500	20	1	2
501 - 1,200	32	2	3
1201 - 3,200	50	3	4
3201 - 10,000	80	5	6

- B. A NCI Quality Check Sheet will be completed (copy attached) and forwarded to NCI Purchasing along with normal required paperwork.
- C. NCI Purchasing will:
1. If accepted - Normal paperwork processing
 2. If rejected - Hold paperwork and contact vendor for disposition.

MEMORANDUM
Don Lincoln
Page 2

2. In Process

- A. Production orders will be checked against sales order and drawing.
2. Work in process will be sample inspected at each operation.
- C. Data will be collected concerning scrap, rework, etc.
- D. Inspection gages, fixtures, standards, etc. will be furnished as justified.

3. Final Inspection

- A. Before any finished product is sent to the NCI warehouse or customer, it will be inspected and the shipping or move document signed by the appropriate people.
- B. The N.C.I. warehouse manager will make a final quality assurance inspection before the product is delivered to the customer.

4. Reporting

- A. The NCI Manufacturing Coordinator will develop pertinent reports concerning the Quality Control process (scrap, rework, vendors, etc.).
- B. The sales department will write formal customer complaint forms on problems identified from N.C.I. customers.
- C. Each customer complaint form will be analyzed and a written reply made by the N.C.I. Coordinator or his staff.

DL/kfl
enclosure

TABLE 10.2
Sample Size Code Letters (Mil. Std. 105D, Table 1)

Lot or Batch Size			Special Inspection Levels				General Inspection Levels		
			S-1	S-2	S-3	S-4	I	II	III
2	to	8	A	A	A	A	A	A	B
9	to	15	A	A	A	A	A	B	C
16	to	25	A	A	B	B	B	C	D
26	to	50	A	B	B	C	C	D	E
51	to	90	B	B	C	D	D	E	F
91	to	150	B	B	C	D	E	F	G
151	to	280	B	C	D	E	E	G	H
281	to	500	B	C	D	E	F	H	J
501	to	1,200	C	C	E	F	G	J	K
1,201	to	3,200	C	D	E	G	H	K	L
3,201	to	10,000	C	D	F	H	J	M	N
10,001	to	35,000	C	D	F	H	K	M	N
35,001	to	150,000	D	E	G	J	L	N	P
150,001	to	500,000	D	E	G	J	M	P	Q
500,001	and over		D	E	H	K	N	Q	R

APPENDIX D

Example of a Quality Control Inspection Checklist

TABLE 10.3
Master Table for Normal Inspection - Single Sampling (Mil. Std. 105D, Table II-A)

Sample Size Code Letter	Sample Size	Acceptable Quality Levels (normal inspection)																													
		0.010	0.015	0.025	0.040	0.065	0.10	0.15	0.25	0.40	0.65	1.0	1.5	2.5	4.0	6.5	10	15	25	40	65	100	150	250	400	650	1000	1500	2500	4000	6500
		Ac	He	Ac	He	Ac	He	Ac	He	Ac	He	Ac	He	Ac	He	Ac	He	Ac	He	Ac	He	Ac	He	Ac	He	Ac	He	Ac	He	Ac	He
A	2	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
B	3	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
C	5	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
D	8	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
E	13	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
F	20	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
G	32	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
H	50	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
I	80	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
J	125	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
K	200	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
L	315	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
M	500	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
N	800	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
O	1250	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓
P	2000	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓	↓

↓ = Use first sampling plan below arrow. If sample size equals or exceeds lot or batch size, do 100 percent inspection.

QUALITY CONTROL CHECK LIST

JOB NUMBER: _____ DRAWING NUMBER: _____ PART NAME: _____

CUSTOMER: _____

START DATE: _____ DUE DATE: _____ FINISHED DATE: _____ NO: _____

MATERIAL:

Hardware - handles, drawer slides, etc..... _____

Tools - saw blades, drill bits, etc..... _____

Special Tools - jigs, fixtures, etc..... _____

Formica - grade, size, color..... _____

MACHINES:

Lead Time..... _____

Personnel..... _____

In Working Order..... _____

Any Special Tooling Required..... _____

DRAWINGS:

Latest Prints..... _____

Any Changes, Design Changes..... _____

Have Changes Been Recorded..... _____

Have Changes Been Given To Product Design..... _____

Is Design Clear And Understandable..... _____

Is It Correct..... _____

PARTS:

Parts Checked At Saws And Cut-Out Line (not just first and last)..... _____

Are Parts Sawed Correct - sizes, etc..... _____

Quantity..... _____

Quality..... _____

Any Over-Run..... _____

Any Adjustments Made - Reason: _____

DOGLY:

Quantity.....
Quality.....
Appearance, any cracks, knots, etc.....
Match Prints - drawers, hardware, etc.....
Fit Together Properly - drawers fit, etc.....
Sanded Correctly.....
Any Damage.....

COMMENTS:

FORMICA:

Quantity.....
Quality.....
Appearance.....
Any Chips Showing.....
Any Glue Showing.....
Any Damage.....

COMMENTS:

FINISH:

Stain.....
Filler.....
Sealer.....
Lacquer.....
Paint.....
Sanding Required.....
Any Damage.....

COMMENTS:

FINAL INSPECTION:

General Appearance Good.....

A P P E N D I X E

National Conference on Prison Industries
-
Discussions and Recommendations

**National Conference
On Prison Industries:
Discussions and Recommendations**

**National Center for
Innovation in Corrections**



**The George Washington University
Division of Continuing Education**

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OVERSIGHT DIVISION
LEGISLATIVE RESEARCH

**NATIONAL CONFERENCE ON
PRISON INDUSTRIES:
DISCUSSIONS AND RECOMMENDATIONS**

Edited by
Dr. Gail S. Funke

for

**The National Center for
Innovation in Corrections
The George Washington University**

June 1986

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The *Proceedings* which follow are the culmination of a process which began in January 1984 when The Johnson Foundation and The Brookings Institution sponsored a meeting on prison industries. The response to that initial gathering set in motion plans for a second, more thorough discussion of the issues involved in prison industries.

During this two year period many individuals and organizations have made significant contributions. The financial and staff assistance of the National Institute of Corrections and the National Institute of Justice made the February 1985 conference possible.

Mr. Richard Kinch and his staff at The Johnson Foundation Wingspread Center in Racine, Wisconsin provided a hospitable and professional environment in which the conference accomplished its purpose. The recorders and chairpersons of the eleven committees at the conference were indispensable in implementing the process which generated the discussions and recommendations in this report.

After the conference, members of each committee provided additional responses and input as did the National Task Force which met at the Supreme Court in November 1985 and a number of women and men currently incarcerated. Throughout, the members of the advisory board have generously given their time and advice as the report took shape. Dr. Lloyd H. Elliott, president of The George Washington University, and Dr. G. Edgar Jones, acting dean of the Division of Continuing Education, have been especially helpful.

The actual publication of the *Proceedings* is due to the technical and financial contributions of UNICOR and the National Institute of Corrections, while the text has been prepared by Dr. Gail S. Funke. Ms. Tamlyn N. Rayle, the administrative assistant, and Mr. Stephen J. Britt, consultant for the National Center for Innovation in Corrections, have helped make the final copy ready for publication.

All of these people have played important roles in the creation of this report and deserve both public and personal acknowledgement. But in a special way none of this would have been possible without the inspiration, perseverance, and continual support of Chief Justice Warren E. Burger. It is hoped that these *Proceedings* are a fitting acknowledgement of his leadership in helping to improve current conditions in our prison system.

Dr. Judith Schloegel, SFCC
Executive Director

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FOREWORD

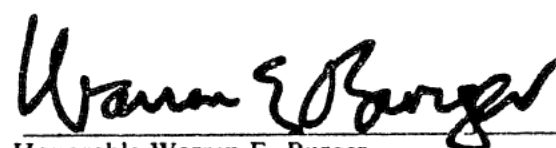
The National Task Force on Prison Industries presents its recommendations for prison industries in the United States. We read these recommendations as designed to do two things: first, to provide new interest among business leaders, union leaders and in the private sector generally; second, to provide states with guidelines in the modernization and expansion of prison industries. The Task Force has included five statements of principle to leave no ambiguity about its position on business-like practices and private sector involvement. A new, enlightened, public-private partnership is the key to restoring prison industries to the wide level of employment it enjoyed a century ago—without the exploitation and inefficiencies. With the enormous growth of prison population this is a challenging task, but with the brains, innovations and dynamism of America's private sector this is not beyond reach. More important, the need is vastly greater than it was a century ago.

We urge policymakers nationwide to "get involved" with implementing recommendations that will change the face of our correctional systems. Private business must forge an alliance with labor unions and with "public business" to harness the combined energies of all to accomplish these important objectives. The potential for good in this kind of partnership is indeed boundless.

Some of the recommendations may seem large steps, and indeed they are. Prevailing wages to inmates for performance and production meeting private sector standards may seem a large step, but that will take a large load off of over-taxed taxpayers and provide the inmates' dependents some support, further relieving taxpayers. The idea of union membership of inmates deserves careful study. We do not see it as union interference with prison management any more than the participation of business people means that they want to run prisons.

We encourage you to read the recommendations, but—even more important—we ask that you set about the task of implementing them. Let's try to leave the twentieth century with a legacy of commitment, employment and accomplishment on behalf of our nation's corrections systems.

This provocative report is long overdue.



Honorable Warren E. Burger
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Chapter One

INTRODUCTION

Public attention to prisons, the kinds of people in them, and the activities that take place "behind the walls" is at an unprecedented high level in our nation. Perhaps at no other time in our history has such interest been manifested simultaneously by citizens and public and private leaders at federal, state and local levels.

Of highest interest is the work inmates perform in prison, or prison industries. At the beginning of the 1980s only as many inmates were employed as one hundred years ago—when the total prison population was about one-twelfth of the present level.

Prison industries entered the twentieth century in a posture of self-support, full employment, and private sector involvement. But the systems that made this possible were considered exploitative, so the sale of prison-made goods to public agencies only (state-use) became the dominant model, causing a dramatic reduction in the number of inmates employed.

This decline is now being reversed, as is the isolated role of prison industries during most of this century. This trend began only recently, largely as a result of renewed interest in our nation's prisons. Additionally, the pioneering involvement of a few private corporations and of one public figure is making a great deal of the difference. Warren E. Burger, Chief Justice of the United States, has long been an advocate of industries and has been a driving force behind prison industry development in the United States. He has stimulated a national interest that has given prison industries new momentum and led to the recommendations contained in this report.

Several years ago, the Chief Justice formulated the "factories with fences" concept and began promoting it with great energy. Trips abroad as well as within the United States fanned his interest. Then, in February 1984, the Chief Justice and the Brookings Institution convened a national conference on prison industries at The Johnson Foundation Wingspread Center in Racine, Wisconsin. Attendees included leaders in the corrections, business, labor, legal, media, and academic communities. The meeting was planned from the outset as a working conference, and participants spent many hours debating and defining the issues associated with creating a viable prison industry framework in the United States.

This first conference gave rise to a much larger meeting at The George Washington University, Washington, D.C., in June 1984. This assembly provided the opportunity for persons representing many views on prison industry to outline their perspectives before a national audience. The Chief Justice argued eloquently for a national panel to consider approaches to revolutionize and improve prison industries in the United States.

In autumn of 1984 a National Task Force on Prison Industries was formed. This Task Force and its committees convened under the guidance of the Chief Justice and the Brookings Institution at the Wingspread Center in February 1985. Members of the committees and other participants worked to produce recommendations in eleven areas related to prison industries. The high level of consensus and the scope of many of the recommendations augurs well for prison industry development.

A significant, related event was the formation of the National Center for Innovation in Corrections, operating within the Division of Continuing Education at The George Washington University. The Center has spearheaded the drive to develop new prison industry programs nationwide and also bears the responsibility for publication of the Task Force recommendations. Following release of these recommendations, the Center will continue to encourage and assist states and localities as they begin the process of implementation.

Thus, the efforts of the Chief Justice are coming to fruition in the establishment of a "home" for prison industry innovation and in this publication. What remains is the considerable work of implementing these recommendations.

Chapter Two

UNDERSTANDING THE RECOMMENDATIONS

The Task Force adopted a committee structure to explore the issues and develop recommendations in essential areas related to prison industries. (A full listing of committee members appears as Appendix A.) Committee members were selected for their expertise and comprised the best in their fields.

The twofold objective of the second prison industries conference at the Wingspread Center was to provide a forum for representatives of all groups interested in prison industries and to create a national movement. Eleven committees, representing a cross-section of the issues and concerns that exist about prison industries, were established:

- I: Laws, Executive Orders, and Regulations
- II: Procurement
- III: Marketing
- IV: Inmate Compensation
- V: Staff Training
- VI: Offender Input
- VII: Education, Inmate Training, and Job Placement
- VIII: Business and Labor Concerns
- IX: Institution/Industries Management
- X: Research and Evaluation
- XI: Media and Public Relations

The members of these committees were tireless in addressing the issues and developing the recommendations presented in this report. The task in producing this report was to blend the various issues and recommendations of each committee into a set of "master recommendations" that would be usable, yet still reflect

the essence of committee work. As presented here, the recommendations are designed to assist two groups key to prison industry innovation:

- 1) policymakers: legislators, executives, and others whose decisions affect corrections; and
- 2) practitioners: those responsible for implementing the decisions of policymakers, such as corrections and industries officials.

The recommendations combine a general understanding of the issues with acceptance of certain guiding principles and targeted areas of action. They are intended to provide concrete direction and inspiration to states and localities while recognizing that the most obvious and straightforward changes will require time for implementation.

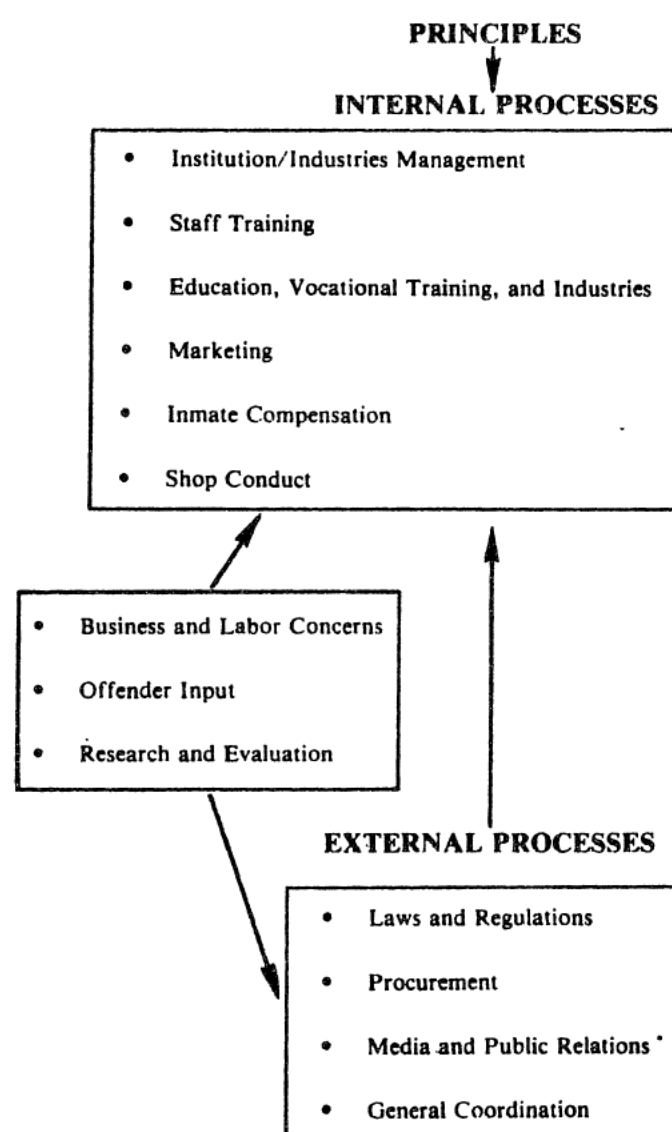
Principles

The structure that best reflects the work of all the committees and provides maximum guidance to policymakers and practitioners is illustrated in Figure 1 and discussed below. Basically, it first describes a set of assumptions, or *principles*, derived from the work of all the committees. (These principles are fully described in Chapter Three.) Acceptance and endorsement of these principles should be a necessary first step for those seeking to follow the Task Force recommendations since, without a guiding set of values, models can be only shallowly applied and innovation narrowly implemented.

Recommendations

The second part of this structure comprises the actual recommendations of the Task Force committees. The specific recommendations are not attributed to any particular committee; rather, they follow the process depicted in Figure 1. This was necessary because some of the committees dealt with targeted, operational areas (e.g., Inmate Compensation, Marketing), while others transcended a single focus (e.g., Business and Labor Concerns, Offender Input). In addition, not every recommendation of

Figure 1
ORGANIZATION OF PRISON INDUSTRIES



every committee (primarily, the issues raised by Business and Labor Concerns, Offender Input, and Research and Evaluation) is listed separately. There are two reasons for this:

- a long list of recommendations gives no guidance regarding priorities; and
- the principles and recommendations *incorporate* all the work of every committee in a condensed form.

All considerations of all committees are reflected here in a more usable format than a simple list. Thus, a state seeking guidance on inmate compensation need not consult the deliberations of eleven separate committees and attempt to glean some commonality. The recommendations follow the structure of Figure 1 and are intended to provide straightforward, practical guidelines to those seeking to improve their prison industry operations.

Considerations

A caution to the reader is necessary. These recommendations are neither formulas nor panaceas. They are specific enough to lend structure and begin the change process, yet flexible enough to permit each state or locality to create its own, relevant variation. Thus, the payment of prevailing wages, or wages based on productivity, will be encouraged, but a specific dollar figure will not be recommended.

Finally, prison industries are not the cure-all for the correctional ills that plague this nation. Even with modernized, viable, full-employment prison industries, correctional institutions will still be crowded; offenders will continue to serve longer sentences; and costs will continue to rise if societal trends remain the same. We recognize, however, that the absence of meaningful efforts such as industries can only exacerbate these conditions. Therefore, while promising no cure, we believe that prison industries can significantly improve the quality of life in a correctional system, with benefits for staff, victims, taxpayers, and offenders.

In this spirit we invite those who enact public policy and those who implement it to consider seriously the recommendations and to create the enabling framework that will make "factories with fences" a reality.

Chapter Three

GUIDING PRINCIPLES FOR PRISON INDUSTRIES

Assumptions of the Task Force

"To put people behind walls and bars and do little or nothing to change them is to win a battle but lose a war. It is wrong. It is expensive. It is stupid."

— Chief Justice Warren E. Burger

The recommendations contained here are guided by a set of principles that are reflected in the work of all of the committees. These values of the Task Force members are intended as a foundation for a national mission statement on prison industries. Coupled with the more general statements that follow each principle, they can help any state seeking to examine and improve its prison industries. They represent a combination of views about inmates, the conduct of industries, and industries' place in the correctional institution. They were either explicitly expressed in committee discussion or consistent with the deliberations. Each of these principles is totally compatible with and supportive of the others. Taken together, they begin to create a new and challenging image of prison industries.

Primary Principles

- # 1 PRISON INDUSTRIES SHOULD PROVIDE MEANINGFUL AND RELEVANT WORK OPPORTUNITIES FOR INMATES.

Throughout the deliberations, this key concept emerged in varying ways. Meaningful work and the reclamation of "wasted humanity" is an idea central to both the thinking of the Chief Justice and the members of the Task Force committees. At the same time, the Task Force strongly affirmed the obligation of the inmate to participate seriously in industry activities to form or reclaim job skills.

- # 2 PRISON INDUSTRIES SHOULD OPERATE IN A BUSINESS-LIKE MANNER.

A central theme in nearly every committee's deliberations, this principle has far-reaching implications for industries. It en-

compasses many business practices—including length of workday, wages, quality control—and directly supports the first principle of relevant work. It implies additionally that prison industries should not adversely affect the private sector by unfairly competing in product areas.

3 PRISON INDUSTRIES SHOULD REDUCE INMATE IDLENESS.

Prison industries should not be restricted to the elite few. It is incumbent on correctional authorities, properly enabled by legislative and administrative change, to employ as many inmates as possible and reduce the tensions compounded by crowding.

4 THE PRIVATE SECTOR SHOULD BE INVOLVED IN PRISON INDUSTRIES.

A strong theme in the discussions, this implies substantial legislative change, safeguards against exploitation of inmate workers, and changes in existing administrative arrangements to enable participation of directors of corrections and industries.

5 PRACTICES AND REGULATIONS THAT IMPEDE THE PROGRESS OF PRISON INDUSTRIES SHOULD BE RESCINDED, CHANGED, OR OTHERWISE STREAMLINED.

This principle encompasses changes ranging from legal restrictions against private sector involvement to reduction of unnecessary procedures. It sets prison industries apart from other programs and shifts the emphasis to *enabling* prison industries to function efficiently.

Secondary Principles

Several additional principles emerged in the deliberations. These principles were expressed less emphatically than the primary principles and do not make the same significant value statements, but there was general consensus and no conflict about them. These enhance the previous principles and add to the direction of the model in the next chapter. Included were:

- Inmates should not be exploited.
- Wage and benefit structures must be dramatically improved.

- Chargebacks are encouraged, particularly for institutional cost defrayment and victim compensation.
- Standards of professional conduct should be incorporated more thoroughly into industry practices.
- Industries should not operate in isolation from internal (prison) and external environments.

All the recommendations and the structure represented by Figure 1 stem from these principles.

The specific recommendations are presented in the following chapters. All recommendations of the committees are either explicitly included or reflected in the presentation. The major principles guide the recommendations throughout, and the reader should gain a clear sense of how prison industries can be improved, both now and in the future.

Chapter Four

MODELS FOR PRISON INDUSTRIES

Recommendations—Internal Processes

The recommendations merge to form a generalized model—or models—for prison industries. As Figure 1 indicates, there are two primary areas of emphasis: internal management processes and external helping mechanisms. As indicated in Chapter Two, a single, "how-to" formula will not emerge here, nor is one intended. What is intended and presented, however, are very specific guidelines that policymakers may adapt to their own situations. The reader is urged to recall the principles that provide the overall direction to these recommendations.

Each section consists of two parts: a *Rationale*, or the considerations used by the Task Force committees in defining the issues and problems; and *Recommendations*, the specific directions intended for policymakers and practitioners. These rationales and recommendations transcend the work of any single committee; that is, the narrative for any particular area incorporates the concerns of *all* committees that addressed it—the statements are non-conflicting composites.

As with the *Principles*, there was a high degree of consensus within and between committees. The dominant position of any recommendation, of course, reflects the relevant committee's own work, but in general the recommendations reflect across-the-board sentiment.

These managerial and technical aspects of prison industries relate to day-to-day operations. The recommendations are quite specific with respect to administrative and operational arrangements.

Institution/Industries Management

This key area dictates how industries may be organized and managed.

Rationale

A primary concern in industries management is the lack of a clearly defined *mission* for industry that can be understood and in-

tegrated with general institutional practices. A related concern is the lack of communication and coordination between institutional management and industries.

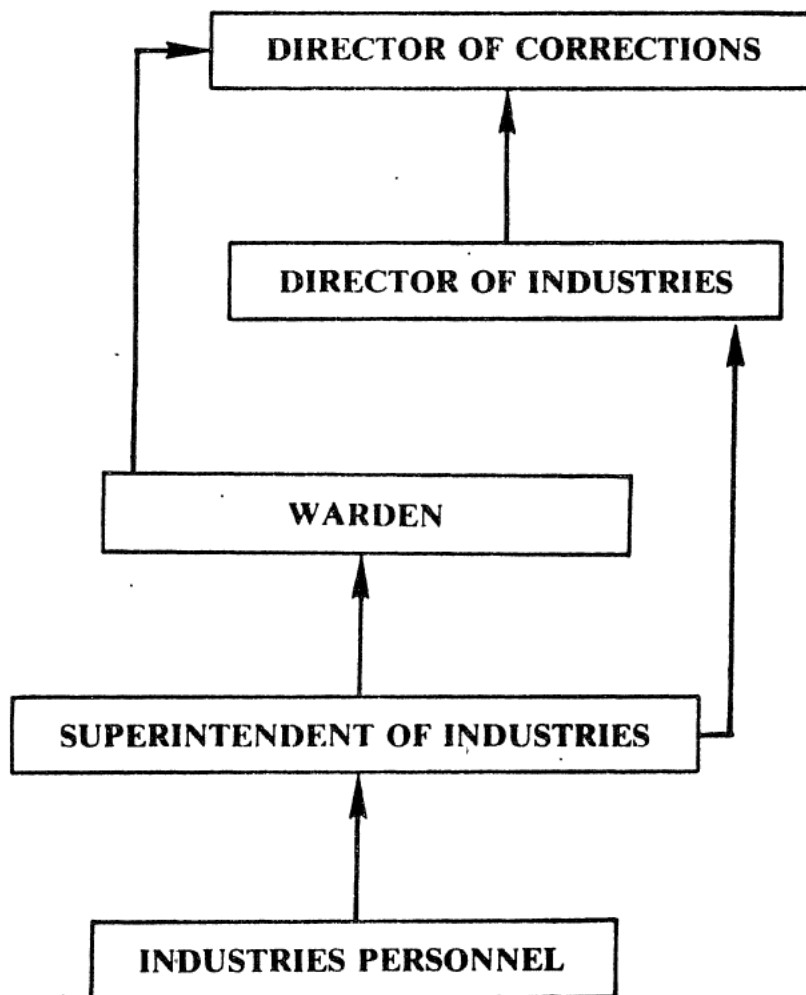
Recommendations

The roles and responsibilities of industries and the institution need to be clearly articulated and faithfully observed. (See Figure 2 for an illustration of an organizational structure.)

- 1) The director of industries reports to the director of corrections.
- 2) The institutional industries superintendent reports to the warden on institutional management and security matters and reports otherwise to the director of industries. (Note: for this management structure to be supported, it is essential that the director of corrections understand the industries' mission.)
- 3) Subordinate industries personnel at institutions report to the superintendent of industries.
- 4) The warden and superintendent of industries should develop a plan that includes mutually agreed upon goals and a communications process. Goals and plans address:
 - a) responsibilities and expectations;
 - b) inmate selection policy and number employed;
 - c) working hours and call-out policy;
 - d) shop security;
 - e) inmate training;
 - f) fiscal guidelines and profitability; and
 - g) shop performance.

Figure 2

INSTITUTION/INDUSTRIES MANAGEMENT



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7) Special topics for orientation and in-service training should include: *Human Resource Management* (interpersonal skills, human relations, stress management, leadership, decision making, and supervision) and *Production Management* (scheduling, inventory, quality assurance, accounting, and purchasing).

- 8) Industries personnel should be encouraged and supported in seeking advanced off-site training, including seminars and conferences.
- 9) Cross-over training, in which security staff are sensitized to industries issues, should be part of the curriculum.
- 10) States should "network" to provide regional training and visitation experiences.

Inmate Education and Training

Education and training needs were addressed by a specific committee, but the principles of integration and coordination appeared throughout all the committees' work and constitute a major theme of the total report.

Rationale

At present there is little integration between industry and education, vocational training, and classification. Inmates tend to drift among these entities in an uncoordinated way, and the development of the individual is neglected. Long-term inmates often are selected and trained at the expense of short-termers nearing release. There is virtually no reflection of the free world; special populations are neglected; equipment is antiquated; and post-release placement frequently is absent. Few assessment programs exist, and there is minimal integration among classroom skills, vocational training, and on-the-job duties. Actual labor market, training and educational realities prevailing in the outside world are seldom considered in institutional planning. Finally, standards of performance and professionalization are insufficient to guide prison industries either as a unique undertaking or in its coordination with other institutional programs.

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Staff Training

Another key managerial issue is the provision of training for industries personnel. At present, training at the state level for industries management is minimal, or simply a slight variation of line staff training. The need for industries management training is so critical that it has been the focus of a series of seminars sponsored by the National Institute of Corrections, and industry managers nationwide have expressed their interest in improving general curricula and training opportunities.

Rationale

Industries staff require special training to meet their unique needs. Standard line officer training is inadequate and does not prepare managers for dealing with inmates in a production-oriented workplace. This is true for both experienced civilians new to the prison setting and for security staff recently promoted to industries' duties. The requirement of both technical and interpersonal skills underscores the need for separate, targeted training. Standard security-oriented training may comprise part of the industries curriculum but should never be a substitute for it.

Recommendations

- 5) Pre-service training should comprise eighty hours of general institution orientation and forty hours of industry orientation. Industries topics include:
 - a) mission and organization;
 - b) legislation, regulation, policies and procedures;
 - c) business management;
 - d) shop protocol; and
 - e) communications.
- 6) In-service training should comprise at least eighty hours annually and include apprenticeship training, job specialty training, and correctional training review.

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Recommendations

- 11) Cooperation and coordination among the various prison system components are essential. Elements include:
 - a) integrated management structure with goal congruence and total information sharing;
 - b) coordinated programs among institutions to facilitate inmate transfers;
 - c) a specific commitment to structures that allow flexible scheduling for inmates, program access, information dissemination, and inmate post-release placement.
- 12) A philosophical foundation for education, training, and job placement as they relate to prison industries should be established in order to:
 - a) create a "free-world" industrial climate;
 - b) share industry revenues with other programs;
 - c) balance profit and inmate development;
 - d) provide incentives and equal access to industry work, training, and education programs;
 - e) design long-term development plans for inmates.
- 13) There should be standards of performance for integrated programs of education, training, job placement, and industry which would help:
 - a) develop a sequential series of educational courses and/or vocational experiences leading toward the steady increase in industry performance and outside employability;
 - b) set up licensing and apprenticeship programs;

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- c) establish and maintain consistent standards of qualification for teachers, trainers and supervisors;
 - d) set up and administer program evaluation criteria against established goals;
 - e) establish criteria for inmate entry, promotion and exit from prison industry, education and training programs.
- 14) Education and training programs must systematically address offender needs as they relate to prison industries. These would:
- a) provide pre-employment training;
 - b) provide non-technical skills (interpersonal, affective);
 - c) address the needs of special (handicapped) inmates;
 - d) establish regular re-definition of relevant labor market;
 - e) address career orientation, pre-employment, and on-the-job skills; and
 - f) adapt programs to address high inmate turnover.

As the above recommendations indicate, a complete model of prison industries management is called for. Such a model would establish a chain of command and communication at the highest institutional level, provide new and relevant training for industries personnel, forge a definition and integration of education and training as they relate to industries. No legislative changes are called for, but substantial institutional reorganization will be required. Once the structure is in place, diligent monitoring will be necessary to prevent deterioration into old and inadequate patterns.

e) expertise exists in house to organize and manage the marketing function.

- 18) Internal/External Model: This is a combination model, utilizing some in-house staff and some contracted services. This model should be used if:
- a) prison industries is in a state of planned change; and
 - b) there is willingness to relinquish some internal control.
- 19) External Model: This model utilizes totally contracted marketing services and should be implemented if:
- a) management is supportive;
 - b) marketing expertise and in-house operations are virtually non-existent; and
 - c) funds can be made available.

Inmate Pay

The Task Force came to a high level of consensus both within the Inmate Compensation committee and in the other committees, especially Offender Input, and Business and Labor Concerns. The recommendations are entirely consistent with the principle of a "free-world" approach.

Rationale

A "free-world" approach presupposes realism in pricing—an impossibility with the artificially low compensation now prevalent in prison industries. In addition, the principle of non-exploitation as articulated by various Task Force committee members requires that wages be increased and that industries not undercut competitors at the expense of inmates. However, paying a wage based on productivity at prevailing levels makes it incumbent on policymakers and practitioners to design and implement highly productive systems. Low wages have removed the impetus from production efficiency, but a pay raise alone is insufficient to create productive workers.

Marketing

This is the first of three topical areas that affect industries in an operational, day-to-day manner. Consistent with the principle of a business-like approach, the Marketing committee and others addressed the issue directly. At present, marketing in the classic, private-sector sense is rarely practiced by prison industries. Distinctions between marketing (the seeking of customers) and sales (the serving of customers) are largely absent. There are neither functional differences nor dedicated (assigned) staff. The rationale and recommendations to follow provide sufficient reason and a choice of approaches for states seeking to modernize their prison industries. They are clear with respect to both need and process.

Rationale

The overriding reason in support of a concerted approach to marketing derives from a major Task Force principle: the role of prison industries in reducing idleness. Effective marketing should produce a broader customer base, increased production (once marginal products are weeded out), and higher inmate employment. There are not generally dedicated or unique marketing resources within prison industries. But when there is appropriate marketing, industries' activity and employment can grow.

Recommendations

- 15) States should immediately designate marketing as a separate function within prison industries.
- 16) Authorities should appropriate the necessary funds and restructure staff to implement a model, such as one of those below, seeking outside help if necessary.
- 17) Internal Model: This model uses correctional industries staff and should be implemented if:
 - a) resources permit hiring additional staff;
 - b) expertise exists within industries to evaluate new professional marketing staff, or

Higher wages will also permit deduction and chargeback that allow inmates to reduce their debt to society during incarceration. This can be done through some combination of payment to employee, payment to inmate family, payment for institutional maintenance, and payment of victim compensation.

Recommendations

- 20) All inmates working in industries should receive a cash, or money, wage; benefits should be used as supplements.
- 21) While a national standard of payment of the prevailing wage for comparable work has been established by the Percy Amendment, each state is encouraged to:
 - a) identify the meaning of "prevailing wage" within the respective locale, and
 - b) develop an inmate employment pay scale consistent with state and local requirements as they relate to that prevailing wage definition.

Wages should be assigned to the categories of remuneration set by the Percy Amendment, such as some combination of payment to employee, payment to inmate family, payment for institutional maintenance, and payment of victim compensation.

- 22) The practice of underpricing prison industries products based on low inmate wages should be stopped, especially for goods in competition on the open market.
- 23) A goal should be the development of a chargeback system to deduct federal and state taxes. Additional wage assessments could also include F.I.C.A. and victim compensation. Payments to dependents may be made, but this practice is not mandatory because such payments are external to the offender's responsibility to state correctional authorities and tax liabilities. Feasibility of room and board deductions should be explored.

- 24) A private sector approach to wages may be utilized, whereby seniority, skill level, and fringe benefits may be represented in the compensation package.

Shop and Industry Conduct

This area of recommendations encompasses many considerations that appeared throughout the deliberations. They are consistent with the major principles and have important implications for shop management.

Rationale

The presumption of a "business-like" atmosphere, the involvement of the private sector, and an integrated system yielded many additional recommendations for industry operations at the shop level.

Recommendations

- 25) Practices that create "make-work" and featherbedding should cease; the emphasis should be on productivity.
- 26) As nearly as possible, the workday should approach eight hours; second shifts should be used as needed.
- 27) Apprenticeship and training programs for inmates sponsored by organized labor should be available at the shop level.
- 28) Appropriate costing and accounting systems should be employed by prison industries. These systems should take into account all material, labor and overhead costs incurred in production. Definitions of "self-sufficiency" and its appropriateness as a goal for industries should be explored.
- 29) Private industry work that (a) might be performed overseas or (b) is highly labor-intensive should be explored as a potential prison industry employment source.

- 30) Systems of quality control should hold both offenders and civilian personnel responsible.

A Note on Offenders, Business and Labor

One of the committees addressing internal matters was Offender Input; another was Business and Labor Concerns. The recommendations and concerns of these committees, as indicated above, transcend any one sphere of influence, and their input appears in virtually every section. For example, it is assumed that qualified ex-offenders would be considered for appropriate prison industry positions. The spirit of all committees was very similar; hence, the major principles of Chapter Three. The recommendations above find support from many committees, including these two—indeed, their input was critical because they represent the major groups most likely to be affected by prison industries reform. It is with this spirit in mind that the final two "internal" recommendations are made.

- 31) States should consider instituting *Industry Councils* involving prison industries staff and inmates to make suggestions for improving operations. Inmate involvement may range from direct council participation to provision of input.
- 32) Industries and state/local representatives of business and labor should establish a *Business-Labor Council* with representation from industry, business, and labor. This council would keep channels of communication open, help evaluate new ventures, and resolve problems.

Chapter Five

Recommendations

MODELS FOR PRISON INDUSTRIES:

Recommendations—External Processes

A second set of recommendations deals with prison industries' relationship with the external environment. Relevant areas include laws and regulations (industries' enabling legal framework), media, research and evaluation, and general coordination. Although there were some topic-specific committees, the recommendations are across-the-board and benefit once again from the input of offenders, business, labor, and the research community.

The cultural focus is one that streamlines the various processes that influence prison industries (a major theme/principle of the Task Force). If industries are to modernize and fulfill the mandate of the Chief Justice, they cannot become enmeshed in unnecessary red tape and legal challenges. It is possible to utilize responsible procedures yet ensure the flexibility of industries.

Laws and Regulations

In many respects this is an enabling group; nevertheless the members of the committee on Laws, Executive Orders and Regulations have definite ideas about how to improve prison industries which transcend simple legal applications. Virtually every recommendation appearing in Chapter Four that requires legal change has the support of this group. In this section the most specific recommendations of the Task Force in the areas of staffing, wages, private sector involvement, and legislative activity are presented.

Rationale

An important concern of this Task Force committee is the need to promote business-like operations. Inmate exploitation is a major concern as is the fact that the enabling features of *existing* law should not be overlooked before new legislation is considered. The main thrust of the deliberations, however, is that the legal structure should *encourage* rather than discourage the growth and expansion of prison industries.

- 33) Civil service restrictions governing hiring, promotion, and incentives for staff should be modified as necessary to create an optimal business-like working situation. Such restrictions include those which apply to working conditions and kinds of staff (e.g. ex-offenders).
- 34) Legal restrictions on inmate wages should be eliminated.
- 35) Appropriate legislation should be enacted to permit and encourage private sector involvement on a wide and varied scale.
- 36) Legislative activity on the federal level on behalf of prison industries should be monitored and effected.

Procurement

The concerns of this specific committee were reflected in the deliberations of many other committees. The work of this committee is subsumed under the general principle of streamlining the process, and the recommendations clearly evidence this.

Rationale

General and usual government protocol may be inappropriate for prison industries; procedures that speed the procurement process are needed. In addition, industries managers will need training in the new approaches. But improved procedures do not justify a lack of professionalism or practices that put private competitors at a disadvantage.

Recommendations

- 37) State-of-the-art surveys of existing procurement laws should be conducted and the results merged to establish some model procurement codes. Surveys could cover:

- a) all states and a representative sampling of local government purchasing officials to determine their relationship to prison industries; and
 - b) each state's prison industries managers to determine their relationship with state purchasing operations.
- 38) Prison industries should be allowed the necessary flexibility in acquiring supplies and raw materials, including the possibility of forming a public corporation.
 - 39) States should draft enabling legislation to purchase jointly and from each other.
 - 40) Procurement codes need a prison industries focus; industries should examine their own procedures.
 - 41) A formal relationship between prison industries and state purchasing authorities should be developed.

Research and Evaluation

Rationale

As with some other committees, the Research and Evaluation recommendations apply broadly to both internal and external issues. But the importance of rigorous, policy-relevant study of prison industries should not be lost among the recommendations in the general text. Two specific recommendations follow.

Recommendations

- 42) Resources at the state, local and federal levels should be available to industry personnel and interested researchers to examine program impact, conduct evaluations, and suggest fertile new study areas.
- 43) Prison industries professionals should apprise the research community of pressing needs and fruitful topics for examination.

Rationale

If prison industries are to succeed as envisioned, many areas need to be coordinated. It would be a mistake to ignore the specificity of the statements made by the several committees and merely urge "more coordination." The detail is articulated here as recommendations that should be regarded as the "glue" that will hold together much of the rest of this report.

Recommendations

- 46) Any planning for prison industries should include post-release job placement.
- 47) The adjacent community should be involved in decisions and planning concerning prison industries. Community involvement, e.g., through advisory boards, is encouraged.
- 48) Prison industries need clear definitions and goal statements regarding victim compensation, the effect of industries on institutional life, the real savings in incarceration costs, changes in quality of life, and the promotion of social values. From these, establishment of measures of success and design of evaluative studies can proceed.
- 49) Prison industries should set high standards of growth and strive to attract the necessary customers and private sector interests.
- 50) The Task Force should continue its work promoting prison industries throughout the United States.

Media and Public Relations

This committee focused on helpful mechanisms and the professionalization and visibility of prison industries. Many audiences are considered relevant to and concerned with industries. These include business and industry, the general public, federal and state legislatures, labor and unions, and practitioners within the state, local, and federal prison systems.

Rationale

A strong value is that prison industries should replicate the free enterprise system as far as possible—pay, pricing, marketing, advertising—a view reflected in the *principles* and in other committees' deliberations. Further, the development and enhancement of prison industries require federal and state legal reform. Current legal systems restrict the development of prison industry markets. The general development process should be promoted through education and dialogue.

Recommendations

- 44) A media/public relations capability should be considered for prison industries, to develop materials, advertise prison industries, and gain market support.
- 45) A professional lobbying group should be recruited with access to key policymaker groups to effect whatever changes are necessary to develop prison industries fully.

General Coordination

This term encompasses many recommendations that transcend a single area, as well as concerns and issues that are not quite formal recommendations. For example, the committee on Research and Evaluation has developed several means to assist the evaluation process which, in turn, will illuminate how industries can function better. The Media and other committees have offered recommendations that fit best here.

Chapter Six

CONCLUSION

A natural inquiry following the publication of a report such as this is "Where do we go from here?" There are fifty specific Task Force recommendations and implementation of these will require diligence and time on the part of state and local agencies. This report is not designed to offer a single approach to prison industries but to provide the best of current wisdom. There are fifty states with as many ways of doing business; to suggest a single "model" would be a disservice to the talents and skills in the field. In addition, states will be at different stages of development and anxious to preserve systems which accomplish their goals. Thus, the Task Force is suggestive and comprehensive in recommending what a well-balanced and well-managed prison industries effort in the United States will require.

For example, while the recommendations place considerable emphasis on private sector involvement in prison industries, it is expected that many states will not find this feasible at this time. The report never insists on only one approach, but rather presents several models of organizational and institutional structure. Some states will not immediately, or may never, be able to implement all the recommendations (e.g., pay the prevailing wage). This is recognized, as is the fact that careful review should precede any change in compensation packages. When substantial private sector linkages are planned, however, payment of such a wage will probably approach a necessity because of business and labor sentiment. Similarly, for those who are interested, there are models for developing literacy/education programs in conjunction with prison industries. However, as stated in the Foreword by Chief Justice Burger and Mr. Considine, the Task Force does believe that this report represents the *direction* in which states should be moving. Furthermore, the general principles articulated in Chapter Three can provide valuable guidance.

But everyone needs help in implementing the recommendations and quasi-models that now represent the most advanced and enlightened thinking on prison industry in the United States. Fortunately, there is a source of assistance for agencies wishing to move forward quickly and realize the promise of the recommendations. The National Center for Innovation in Corrections at The George Washington University in Washington, D.C. is dedicated to initiating and improving prison industry development in the United

States. Directed by Dr. Judith Schloegel and assisted by professional consultants and an advisory board of national leaders, the Center stands ready to disseminate the most recent wisdom on prison industry and to help states directly in expanding, enlarging and otherwise improving their industry operations. As these recommendations are promulgated, the Center is already working with nearly two dozen states.

In addition to direct involvement, the Center has at its disposal the expertise and resources of the Task Force and its eleven committees for states or localities requesting further guidance. Finally, federal assistance is also available to those seeking to improve or increase prison industries (see Appendix B for a list of programs now in effect).

What remains to be done in prison industries is a formidable task indeed—albeit one with high rewards. Merely to have these general principles accepted at the highest policy levels will be no small task in many states and localities. After that, a planning phase may develop in which agencies select recommendations for implementation over a given time period. Obviously, an agency's current position and needs will dictate the type and order of recommendations implemented.

Although the recommendations allow some latitude for individual state preferences, they do represent both a direction and something more than general exhortations. States may adopt a specific recommendation or a variation or a cluster, and many are taking such initiative. For example, several states have engaged in specific enterprises with the private sector; others have streamlined their procurement and operating procedures; still others have begun to integrate industry, education, and training.

A persistent theme of this report has been the call to action. Read the recommendations, then implement them. In the course of action, take advantage of the many resources now available to prison industries: the National Center for Innovation in Corrections, the states presently engaged in creative application of these recommendations, the Task Force and its committee members, and the professional capabilities now apparent in prison industry management. With dedicated application, prison industry in the United States can take its proper place as the flagship of inmate work programs and serve as the catalyst for uniting and improving all correctional programs and activities.

APPENDIX A

TASK FORCE COMMITTEE MEMBERS

February 1-2, 1985

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APPENDIX B

FEDERAL ASSISTANCE FOR PRISON INDUSTRIES

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National Institute of Corrections

- Training in Prison Industry Management
- Technical Assistance

Bureau of Justice Assistance

- Prison Industry Deregulation
- Technical Assistance
- Automated Database

National Institute of Justice

- Private Sector Initiatives

Federal Bureau of Prisons (UNICOR)

- Information Sharing
- Training

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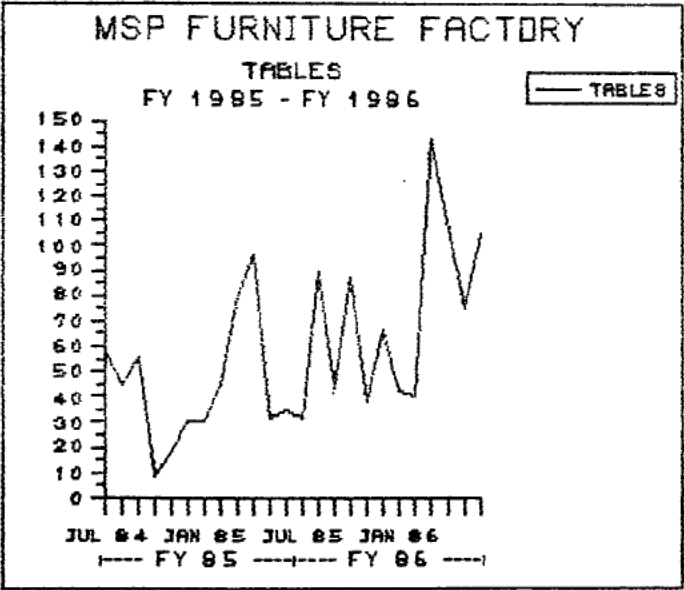
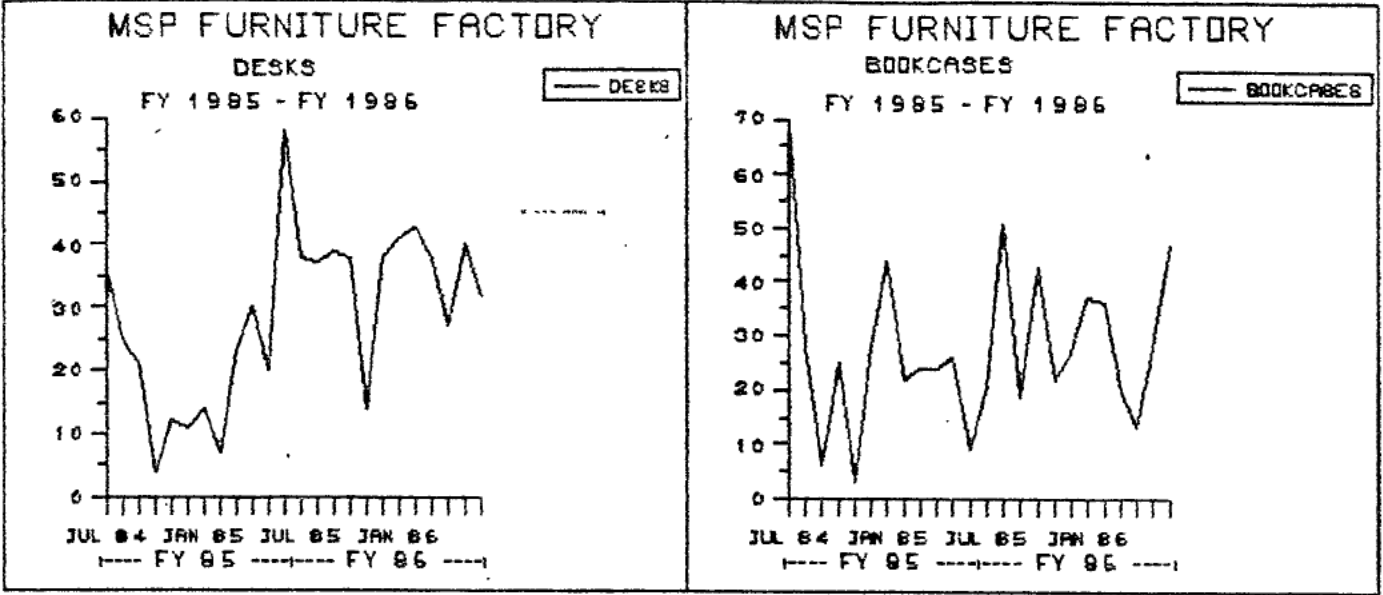
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A P P E N D I X F

Production Graph for Selected Prison Industries

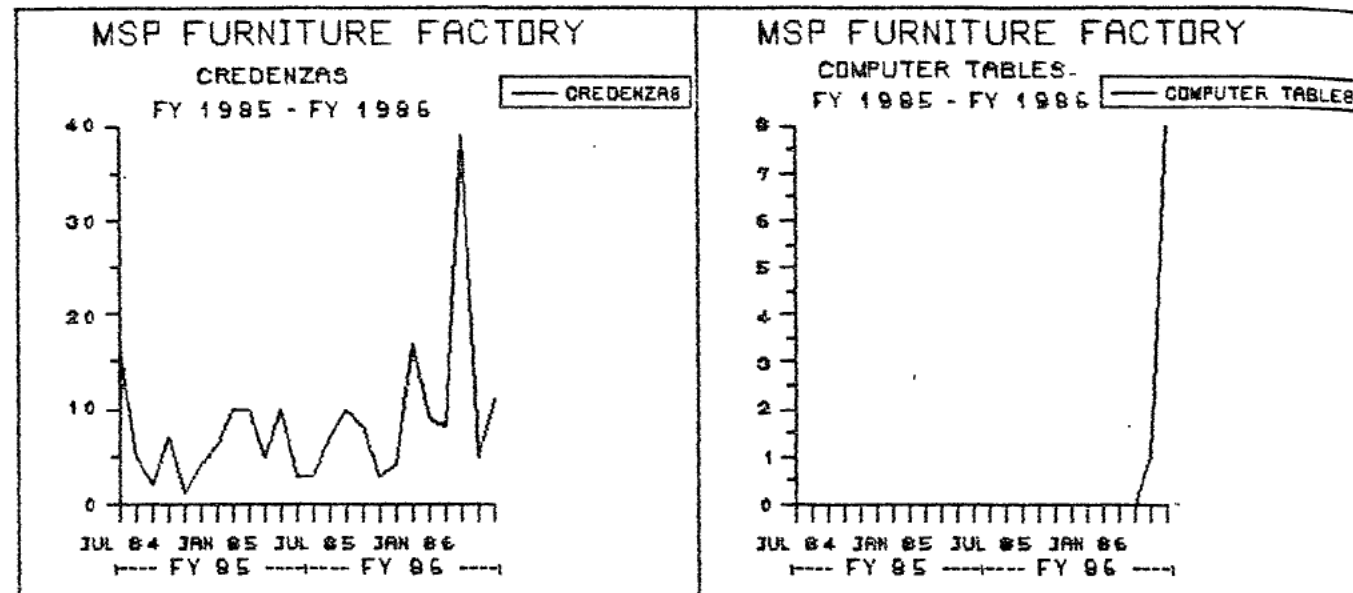
FY 1985 - FY 1986

NUMBER OF ITEMS PRODUCED BY PRODUCT
MSP FURNITURE FACTORY
FY 1985 THROUGH 1986

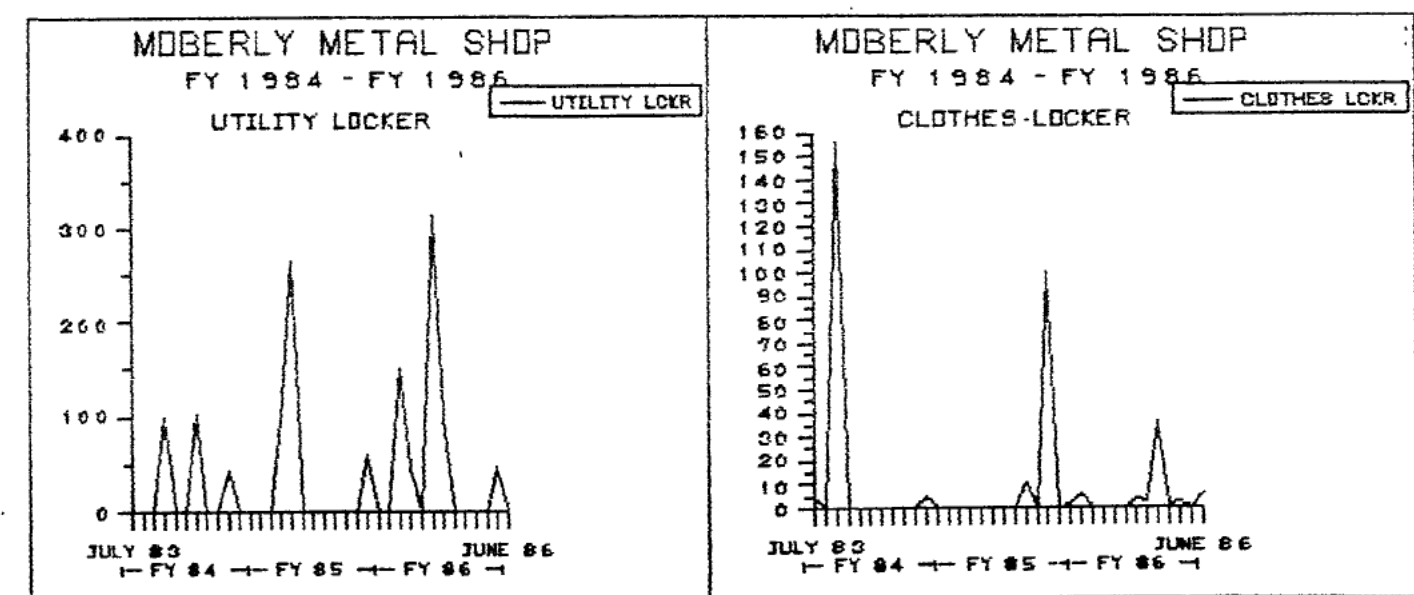
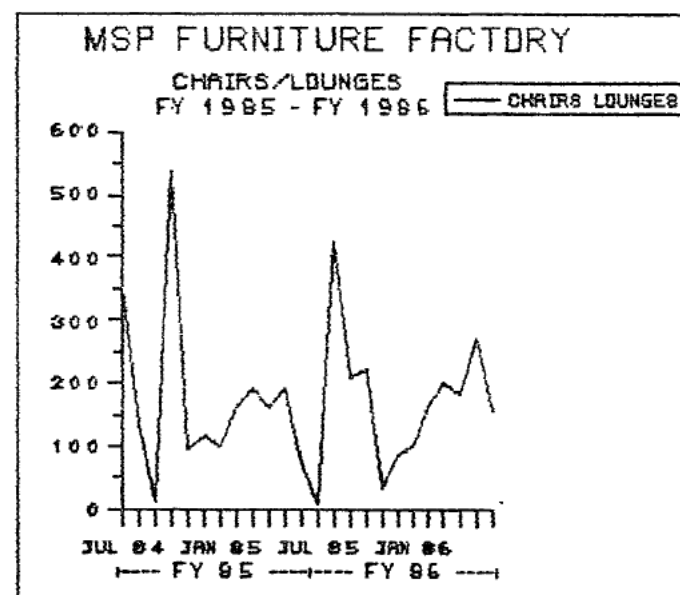
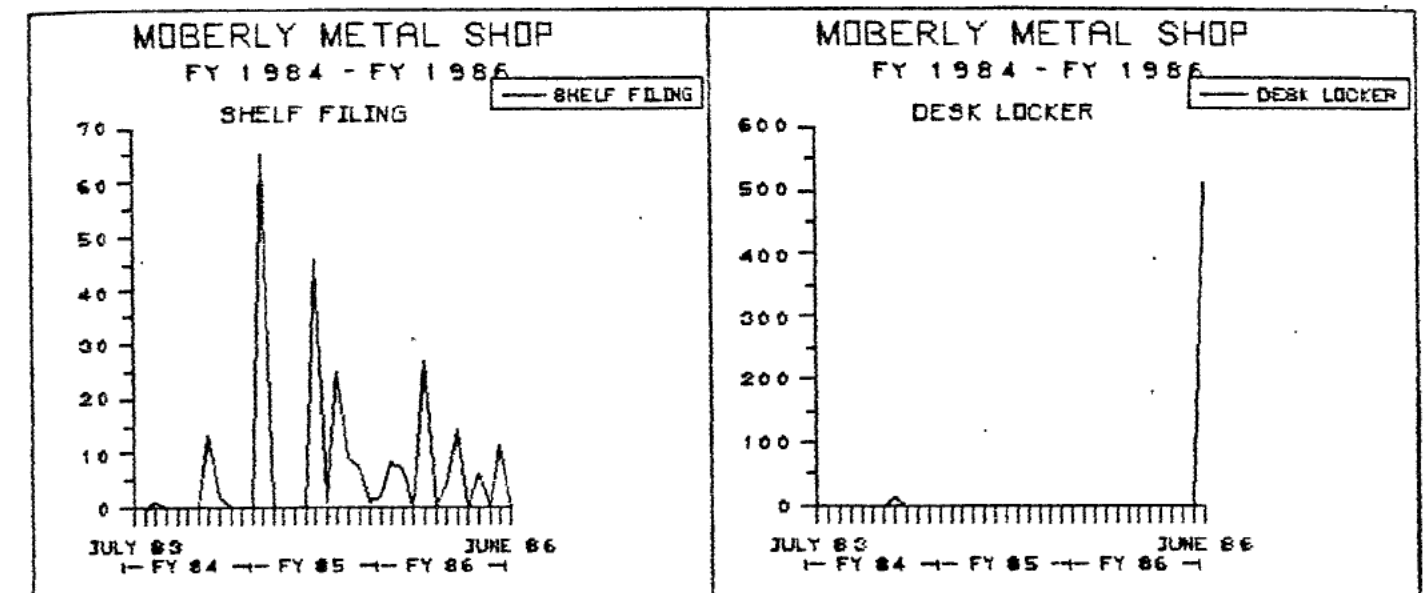


NUMBER OF ITEMS PRODUCED BY PRODUCT
MSP FURNITURE FACTORY
FY 1985 - 1986

F-3



NUMBER OF ITEMS PRODUCED BY PRODUCT
MOBERLY METAL SHOP
FY 1984 THROUGH 1986

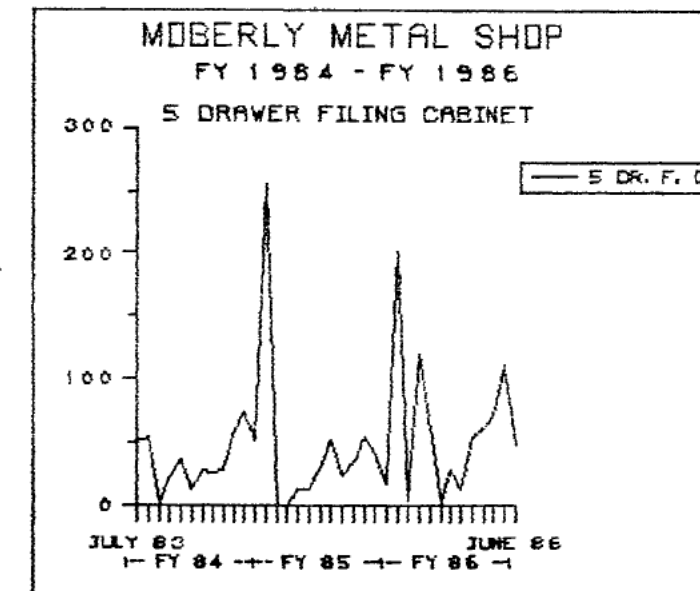
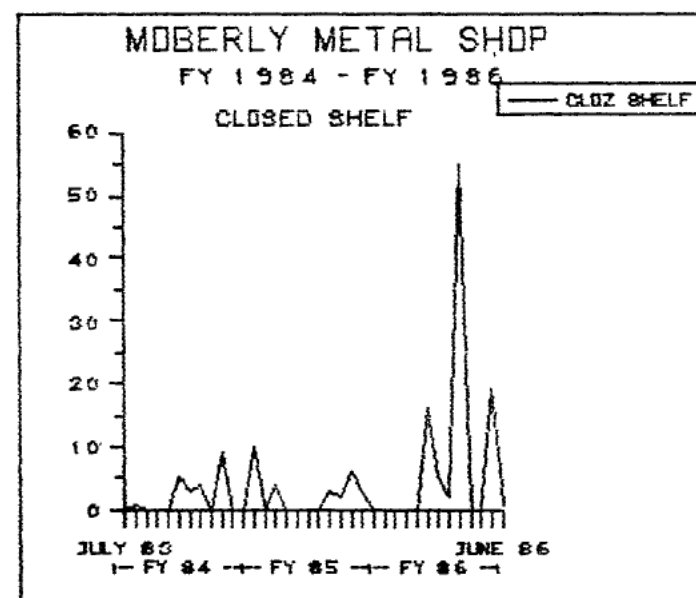
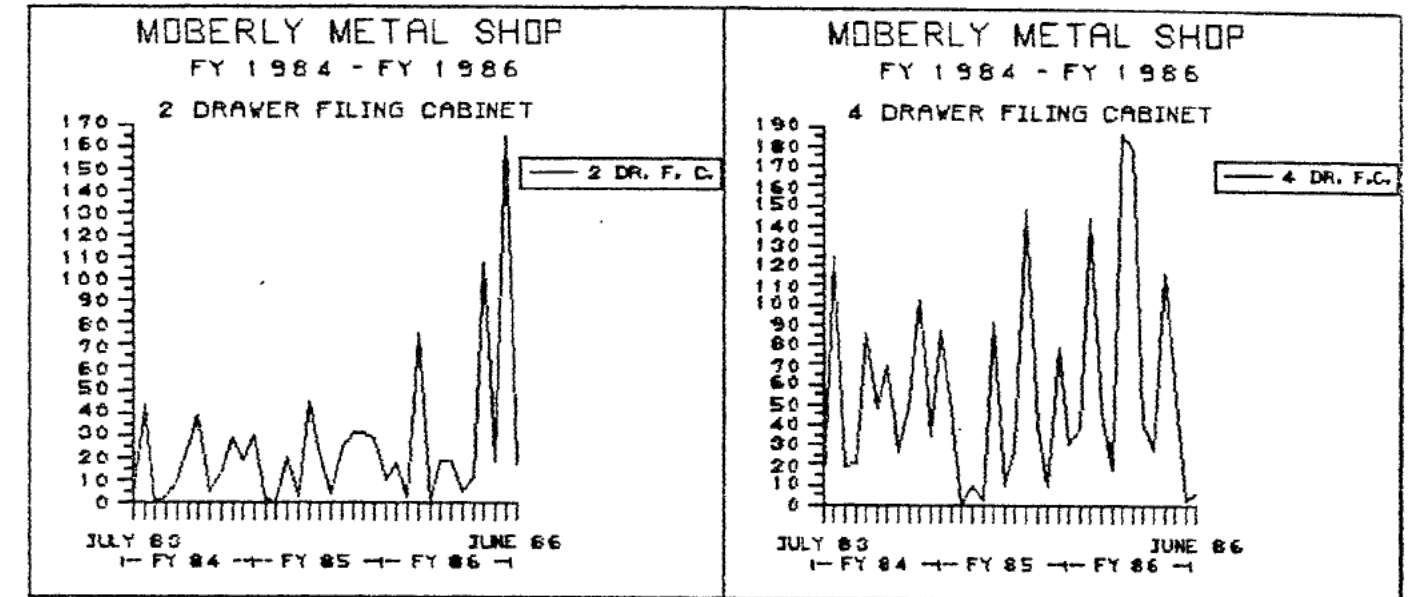
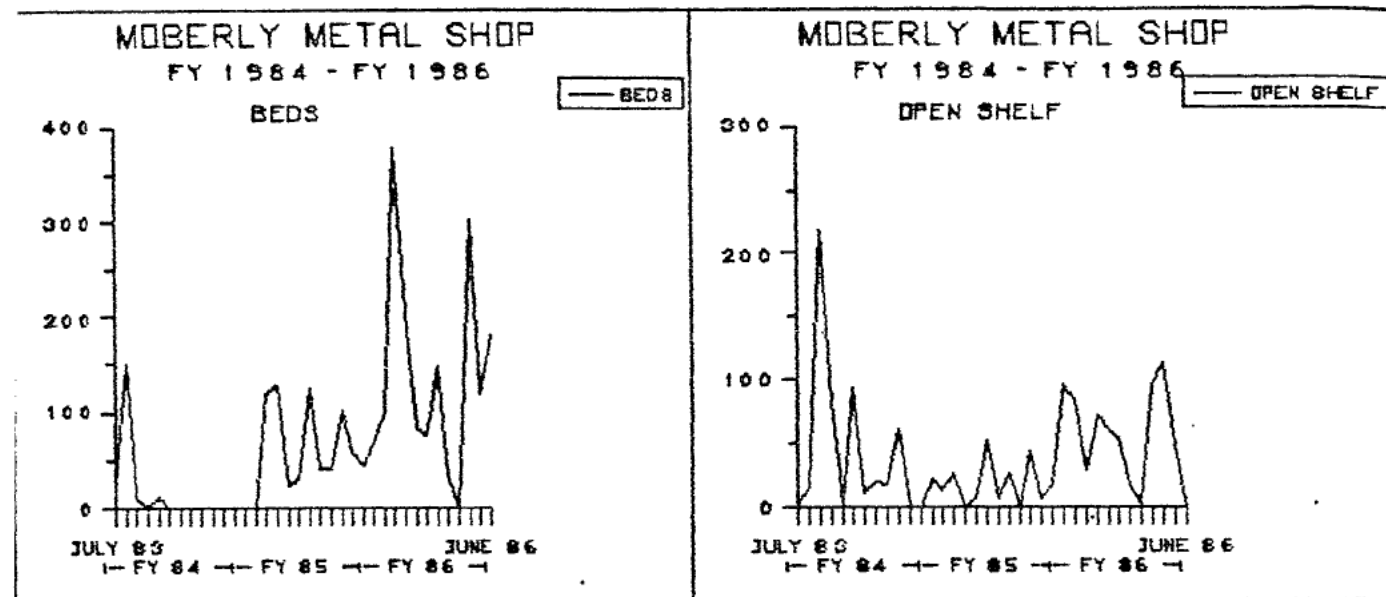


NUMBER OF ITEMS PRODUCED BY PRODUCT
MOBERLY METAL SHOP
FY 1984 THROUGH 1986

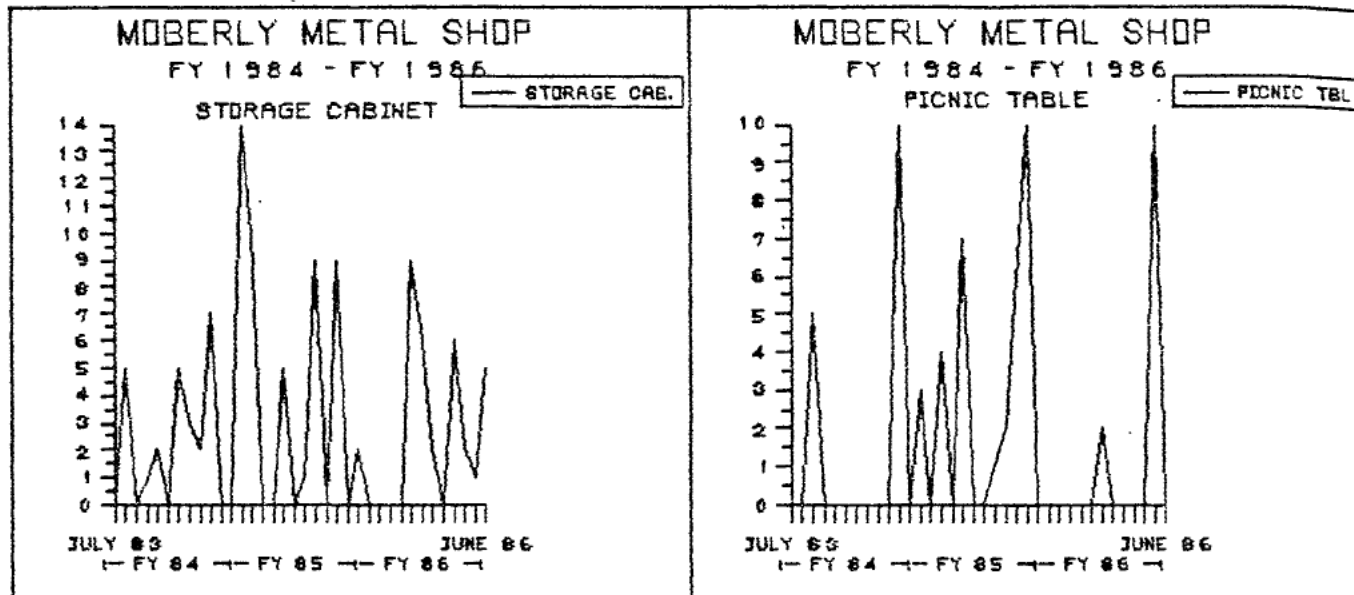
F-5

F-6

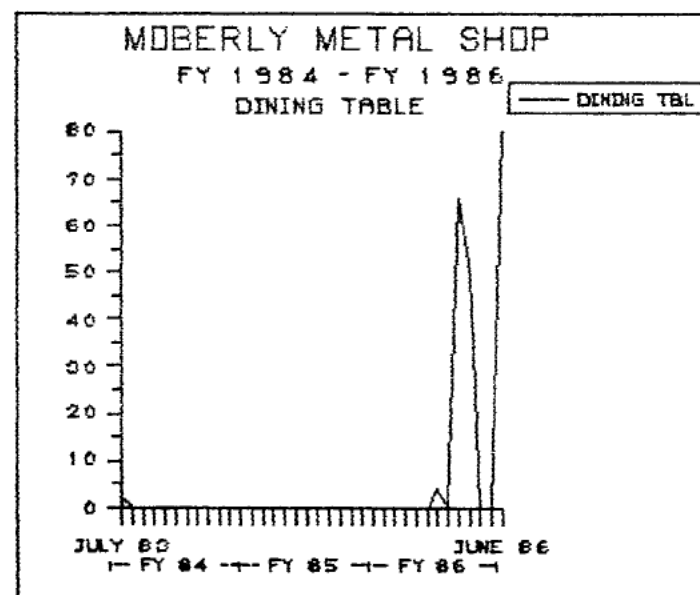
NUMBER OF ITEMS PRODUCED BY PRODUCT
MOBERLY METAL SHOP
FY 1984 THROUGH 1986



NUMBER OF ITEMS PRODUCED BY PRODUCT
MOBERLY METAL SHOP
FY 1984 THROUGH 1986

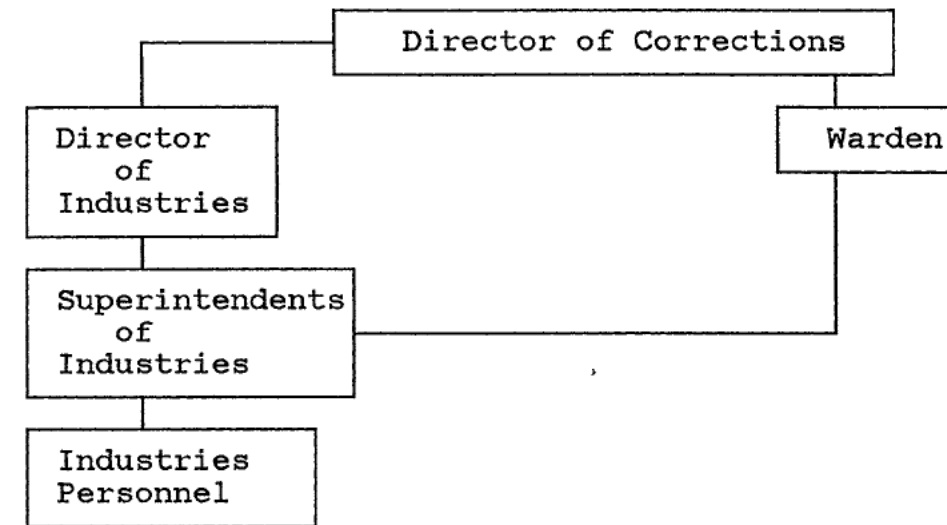


A P P E N D I X G



Organizational Structure Developed by
the National Conference on Prison Industries

Organizational Strcture
Institution/Industries Management



Source: National Conference on Prison Industries: Discussions and Recommendations, June, 1986

An explanation follows:

1. The director of industries reports to the director of corrections.
2. The institutional industries superintendent reports to the warden on institutional management and security matters and reports otherwise to the director of industries.
3. Subordinate industries personnel at institutions report to the superintendent of industries.
4. The warden and superintendent of industries should develop a plan that includes mutually agreed upon goals and a communications process.
 - a. responsibilities and expectations;
 - b. inmate selection policy and number employed;
 - c. working hours and call-out policy;
 - d. shop security;
 - e. inmate training;
 - f. fiscal guidelines and profitability; and
 - g. shop performance.

A P P E N D I X H

An Example of Marketing Procedures

New Mexico Correctional Industry's
Prices and Procedures Manual

11-2

NEW MEXICO CORRECTIONAL INDUSTRIES

POLICIES & PROCEDURES MANUAL

POLICIES & PROCEDURES EFFECTIVE JULY 1, 1985

NUMBER: CI-119000
DATE ISSUED: 7/1/85
EFFECTIVE DATE: 7/1/85

H-3

SUBJECT: Industries
Marketing Program

I. AUTHORITY:

Corrections Industries Act, Sections 33-8-1 et. seq. NMSA 1978.

II. REFERENCE:

ACA Standards 1.6.1, 1.6.2, 1.6.3, 1.6.4, 1.6.5, and 1.6.6, Manual of Standards for Correctional Industries.

III. PURPOSE:

It is the purpose of this policy to prescribe the Corrections Industries Marketing Program.

IV. APPLICABILITY:

This policy applies to all Industries full-time staff employees but especially to the Sales Persons and the Business Manager and his staff.

V. DEFINITIONS:

- A. Marketing: The performance of business activities that direct the flow of goods and services from research and development through delivery of product to customer.
- B. Marketing Program: A plan for guiding a company's marketing activities toward specific objectives.
- C. Marketing Activities: Planning, research, pricing, advertising, sales promotion, sales, distribution and customer service.
- D. Marketing Mix: The apportionment of effort, and the combination, and integration of marketing activities into a program that will best achieve the objectives of the enterprise in a given period of time.

H-4

DATE ISSUED: 7/1/85

NUMBER: CI-119000

EFFECTIVE DATE: 7/1/85

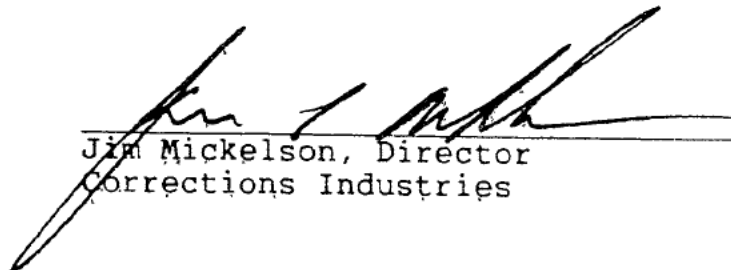
PAGE: Two

NUMBER: CI-119001
DATE ISSUED: 7/1/85
EFFECTIVE DATE: 7/1/85
SUBJECT: Marketing Program

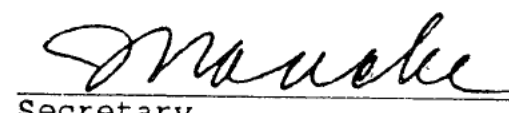
VI. POLICY:

It is the policy of Corrections Industries to establish an active marketing program which will include sales, order entry, customer service, pricing, promotional activities, bid preparation, customer complaints, customer information, product design and quality, market research and sales forecasts.

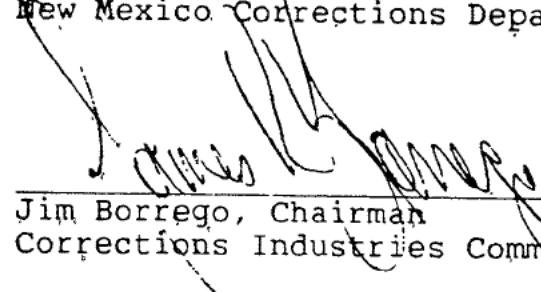
Date


Jim Mickelson, Director
Corrections Industries

Date


Secretary
New Mexico Corrections Department

Date


Jim Borrego, Chairman
Corrections Industries Commission

I. AUTHORITY:

Policy CI-119000.

II. PROCEDURE:

A. The responsibility for Corrections Industries Marketing Program shall lie with the Marketing Manager. He will coordinate the marketing program which shall consist of the following basic marketing activities.

1. Planning
2. Research
3. Pricing
4. Advertising
5. Sales Promotion
6. Sales
7. Order Processing
8. Product Distribution
9. Customer Service

B. Pricing and promotion are Procedures No. CI-112006 and 119004 respectively.

C. Product selection involves choosing the product that can be manufactured at the least cost which will sell in the largest market. There is little latitude for product selections in some areas of Corrections Industries, i.e., the manufacture of state license plates or inmate uniforms. On the other hand, considerable latitude exists in the manufacture of furniture. Product selection will involve the joint efforts and contributions of the following:

1. Industries Manager for designs, compatibility with present manufacturing equipment.
2. Sales personnel for acceptability.
3. Purchasing agent for information regarding cost of raw materials.

H-6 DATE ISSUED: 7/1/85

NUMBER: CI-119001

EFFECTIVE DATE: 7/1/85

PAGE: Two

NUMBER: CI-119002
DATE ISSUED: 7/1/85
EFFECTIVE DATE: 7/1/85

H-7

SUBJECT: Order Entry,
Follow-up and Billing

D. Market research in the near term will generally be conducted by sales force and will employ the following survey techniques.

1. Telephone.
2. Mail.
3. Personal Interview.

Through these techniques data may quickly and easily be gathered on pricing, acceptability of new products in current market acceptability of new product and existing product line in new market areas. Should circumstance warrant and budgetary restrictions permit, market research for the longer term may be conducted by an outside market research firm using demographic analysis and sophisticated sampling and comparison techniques.

E. Quotes are prepared at the Industries facility and communicated to the customer by the Inside Salesperson:

1. The specifications are given to the Inside Salesperson who forwards them to the appropriate shop. This will normally be done in writing, however under certain circumstances it may be done by telephone.
2. After completion the quote is returned to the Inside Salesperson who informs the customer and initiates the work order if appropriate.

I. AUTHORITY:

Policy CI-119000.

II. PROCEDURE:

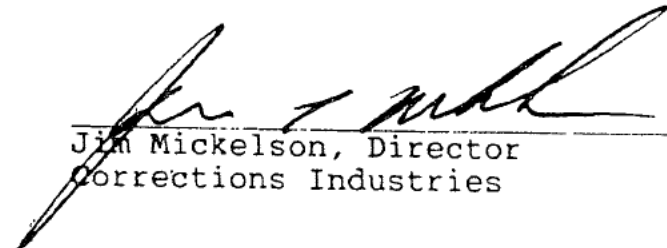
A. All orders, no matter how obtained will be entered into the Corrections Industries Order Entry System at the Central Office by the Inside Salesperson in the following manner:

1. The Purchase Order is time and date stamped and a duplicated copy of the Purchase Order is made.
2. A Work Order, facsimile shown as Attachment 1, CI-119002.1, is initiated. The five copies of the Work Order are distributed as follows:
 - a. White-Accounting for billing purposes
 - b. Canary-Inside Salesperson
 - c. Green-Shop copy
 - d. Pink and Blue-Industries Manager
3. The green, pink and blue copies of the Work Order are attached to the copy of the Purchase Order and together with the samples are placed in the Work Order Form Envelope, a facsimile shown as Attachment 2, CI-119002.2 and sent to the Industries Manager.

B. The Inside Sales copy with the Work Order attached is placed in the tickler file based on a completion date provided by the Industries Manager. At this point the customer is informed of the scheduled delivery date, if required. The tickler file consists of four weekly sections.

1. The Work Order is initially put in the first section.
2. It is moved forward to a new section each week.

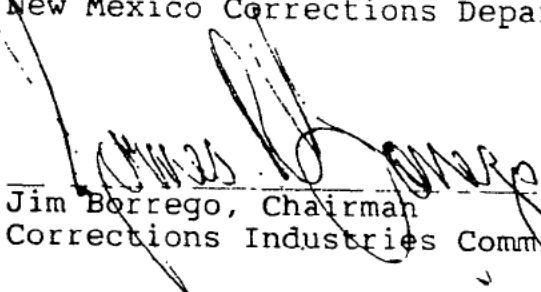
Date


Jim Mickelson, Director
Corrections Industries

Date


Secretary
New Mexico Corrections Department

Date


Jim Borrego, Chairman
Corrections Industries Commission

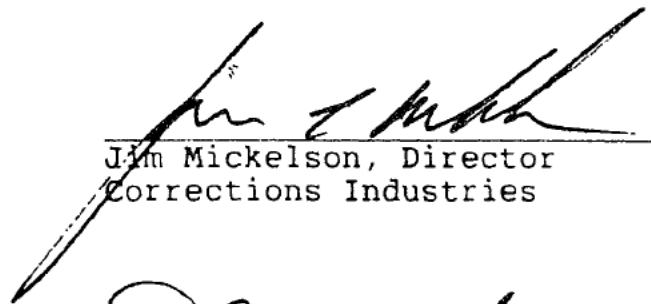
DATE ISSUED: 7/1/85NUMBER: CI-119002EFFECTIVE DATE: 7/1/85PAGE: Two

3. When the Work reaches the third week section and the Inside Salesperson calls the Industries Manager and determines if the order is on schedule.
- If it is, no action is taken.
 - If is not on schedule, a new completion date is determined and the customer is informed by Inside Sales. The Work Order is then replaced in the tickler file and followed up.
- C. When the order is ready for delivery the Delivery Ticket, a facsimile shown as Attachment 3, CI-119002.3 is completed. The ticket, which consists of five copies, is signed by the individual receiving the goods at the time of delivery. The copies are distributed as follows:
- White and Green-Accounting section. White to file, green attached to the invoice and sent to the customer.
 - Canary-Inside Sales, attached to the Work Order and placed in completed file.
 - Pink-Industries Manager, matched to his copy of the Work Order and filed in completed file.
 - Goldenrod-Retained by individual signing for the goods.

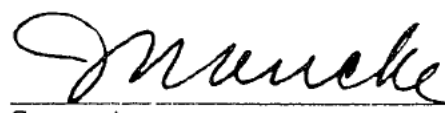
DATE ISSUED: 7/1/85NUMBER: CI-119002EFFECTIVE DATE: 7/1/85PAGE: Three

- D. The Customer Inquiry Letter, Attachment 4, CI-119002.4, is enclosed with the invoice to solicit customer opinions in an effort to improve services and products.

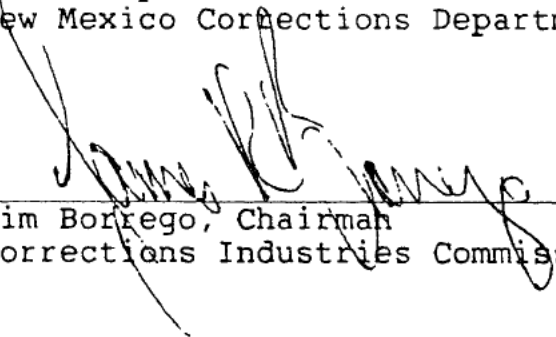
Date


 Jim Mickelson, Director
 Corrections Industries

Date


 Secretary
 New Mexico Corrections Department

Date


 Jim Borrego, Chairman
 Corrections Industries Commission

NUMBER: CI-119003
 DATE ISSUED: 7/1/85
 EFFECTIVE DATE: 7/1/85

SUBJECT: Customer
 Complaints

I. AUTHORITY:

Policy CI-119000.

II. PROCEDURE:

- A. Handling customer complaints promptly and properly is essential to continued customer good will, expanding the size of the Corrections Industries market to retaining the market share it now possesses. Attachment 1, Customer Complaint Form C.I.D. 1-CC 1/83, CI-119003.1, will be used to investigate customer complaints.
- B. The Customer Complaint Form will be processed in the following manner:
 1. Sections one (1) and two (2) are to be completed as indicated by the person taking the complaint. Signature must be entered.
 2. If the complaint is of a serious nature:
 - a. The form is then sent to the Operations Manager for his comments and possible assignment of an individual to research complaint. Entry to be signed and dated.
 - b. The Operations Manager's secretary will make a copy of the form, place it in the Operations Manager's suspense file and forward the original according to the Director's instructions.
 3. If the complaint is of a less serious nature it is researched by the Inside Salesperson.
 4. In either event sections four, five, and six are to be completed as indicated, all entries are to be signed and dated.
 5. The form is then returned to the Operations Manager for his review and the appropriate salesperson notified.

DATE ISSUED: 7/1/85

NUMBER: CI-119003

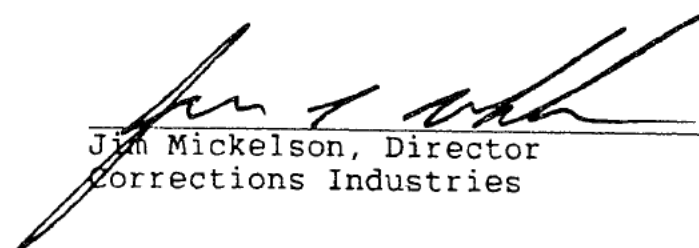
EFFECTIVE DATE: 7/1/85

PAGE: Two

H-11

- C. If the customer has not already been notified of the action taken during the process of resolving the complaint the Director will cause the customer to be notified. One of the following methods will normally be used:
 1. Letter or telephone call from Inside Sales
 2. Letter or telephone call from salesperson.
 3. Letter or telephone call from Director or Deputy.

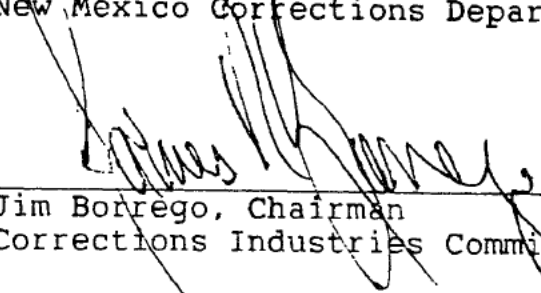
Date


 Jim Mickelson, Director
 Corrections Industries

Date


 Secretary
 New Mexico Corrections Department

Date


 Jim Borrego, Chairman
 Corrections Industries Commission

NEW MEXICO CORRECTIONAL INDUSTRIES
P.O. BOX 5875 • SANTA FE, NEW MEXICO 87502

CUSTOMER COMPLAINT FORM

WORK ORDER # _____

1. CUSTOMER NAME _____

CUSTOMER ADDRESS _____

COMPLAINANT _____

DATE COMPLAINT RECEIVED _____

CUSTOMER P.O. # _____

WORK ORDER # _____

2. SPECIFIC NATURE OF COMPLAINT _____

SIGNATURE OF PERSON TAKING COMPLAINT _____

3. DIRECTOR'S COMMENTS _____

SIGNATURE AND DATE _____

4. FINDINGS OF RESEARCHER _____

SIGNATURE AND DATE _____

5. DISPOSITION OF COMPLAINT _____

SIGNATURE AND DATE _____

6. CORRECTIVE ACTION TAKEN _____

Attachment 1
CI-119003.1

C.I.D. REV

NUMBER: CI-119004
DATE ISSUED: 7/1/85
EFFECTIVE DATE: 7/1/85

H-13

SUBJECT: Promotional
Activities

I. AUTHORITY:

Policy CI-119000.

II. PROCEDURE:

A. Corrections Industries will, within budgetary constraints, make maximum use of promotional materials, to inform, persuade or remind potential customers about its products.

B. While Corrections Industries will rely most heavily on the personal face to face relationships between its salespersons and potential customers, several other marketing vehicles have been developed.

1. The Corrections Industries Catalogue which contains color photographs of Corrections Industries products along with basic product information.

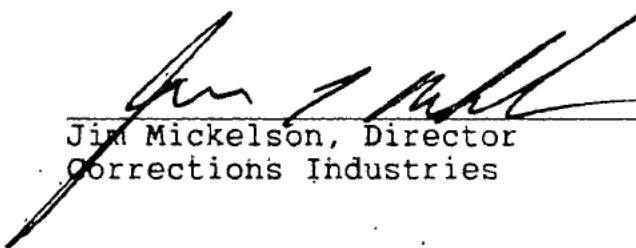
2. The audio-visual tape "New Directions" which show the operation of each Industries enterprises in the Penitentiary of New Mexico and the products produced by them. "New Directions" has been shown in the State Capitol during Legislative Sessions and will be used for speaking engagements and public television when the occasion arises.

3. Product displays such as the ones at the State Capital and at the annual State Fair.

H-14 DATE ISSUED: 7/1/85 NUMBER: CI-119004
EFFECTIVE DATE: 7/1/85 PAGE: Two

- 4: Brochures, direct mailings and other mass market techniques may be used in the future to introduce new products or to reach new market segments.

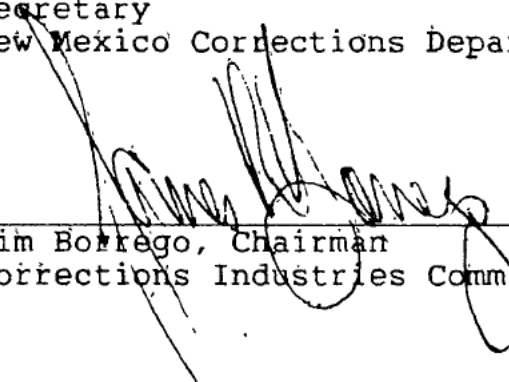
Date


Jim Mickelson, Director
Corrections Industries

Date


Secretary
New Mexico Corrections Department

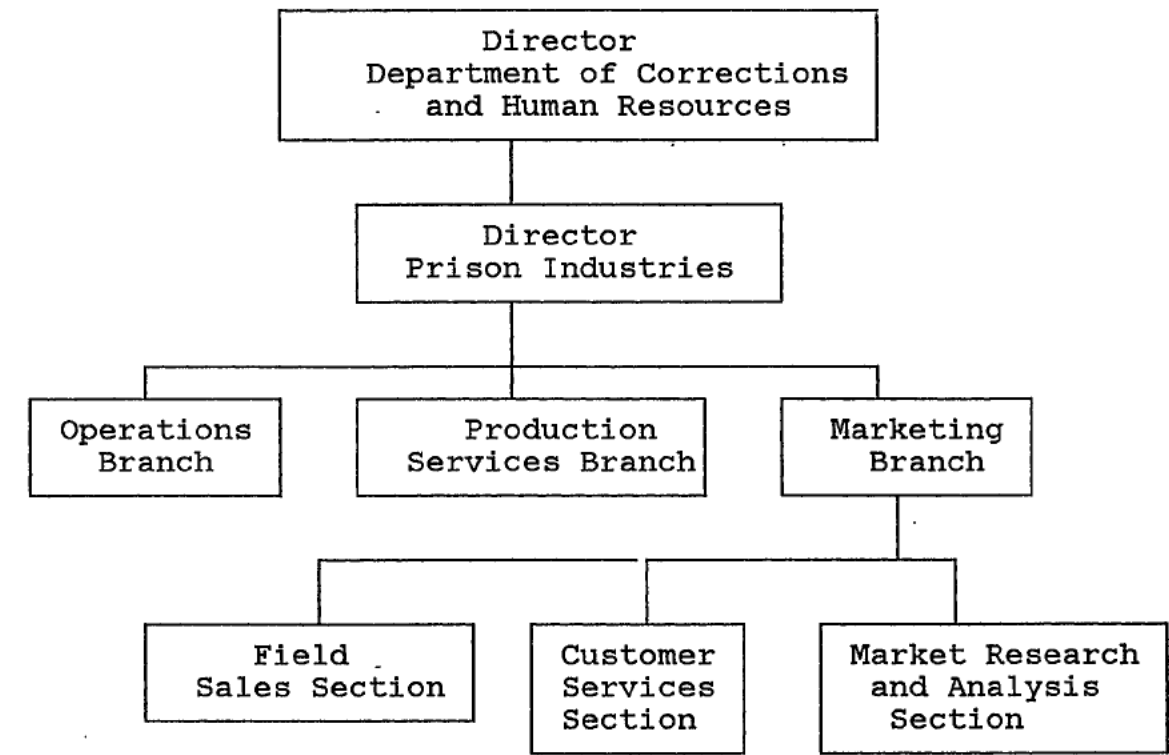
Date


Jim Borrego, Chairman
Corrections Industries Commission

A P P E N D I X I

Organizational Model Developed by
the National Institute of Corrections in their
publication Guidelines for Prison Industries

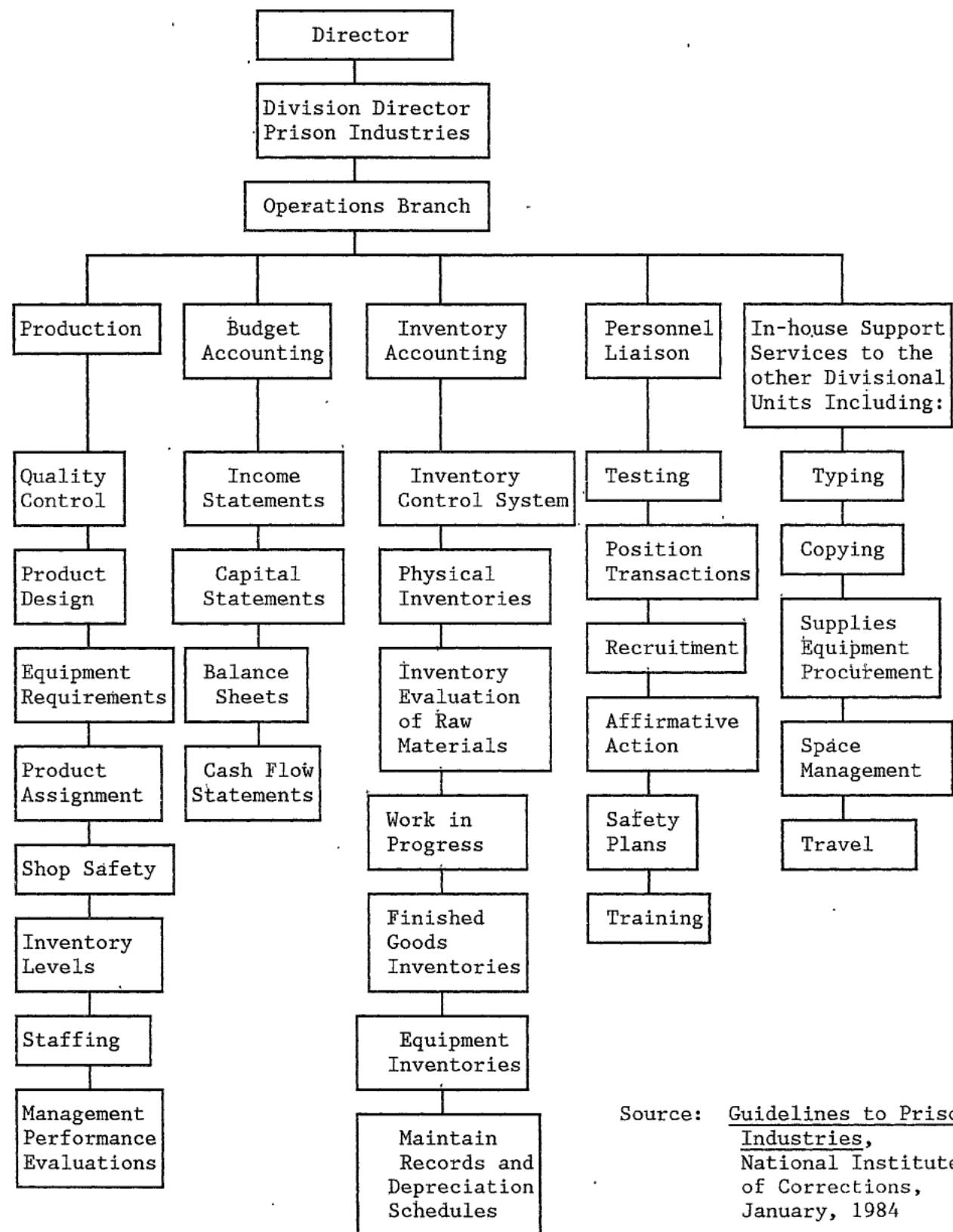
Guidelines for Prison Industries Organizational Model



Source: Guidelines for Prison Industries, National Institute of Corrections, January, 1984

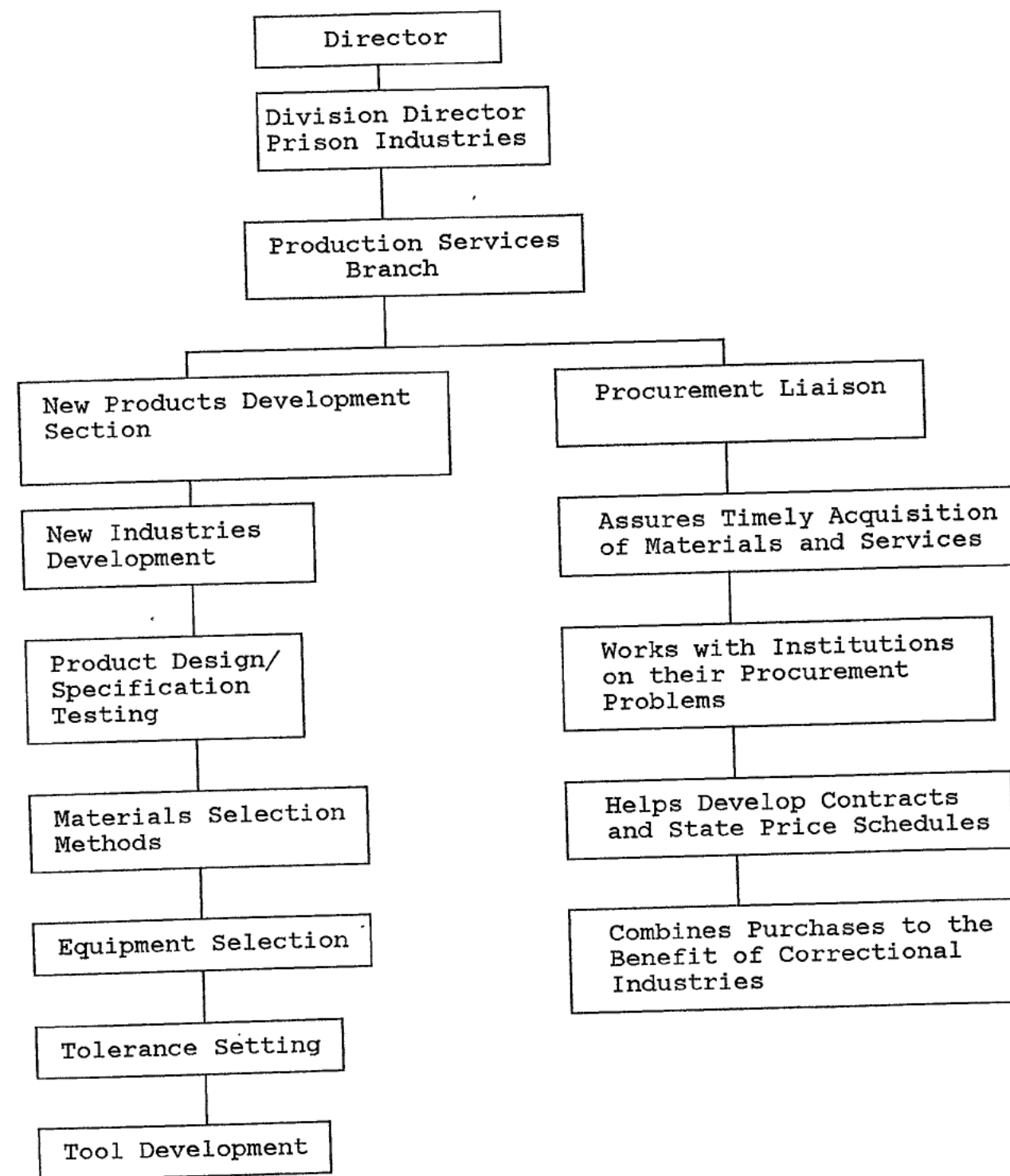
Guidelines for Prison Industries Organizational Model
Operations Branch Detail

I-3

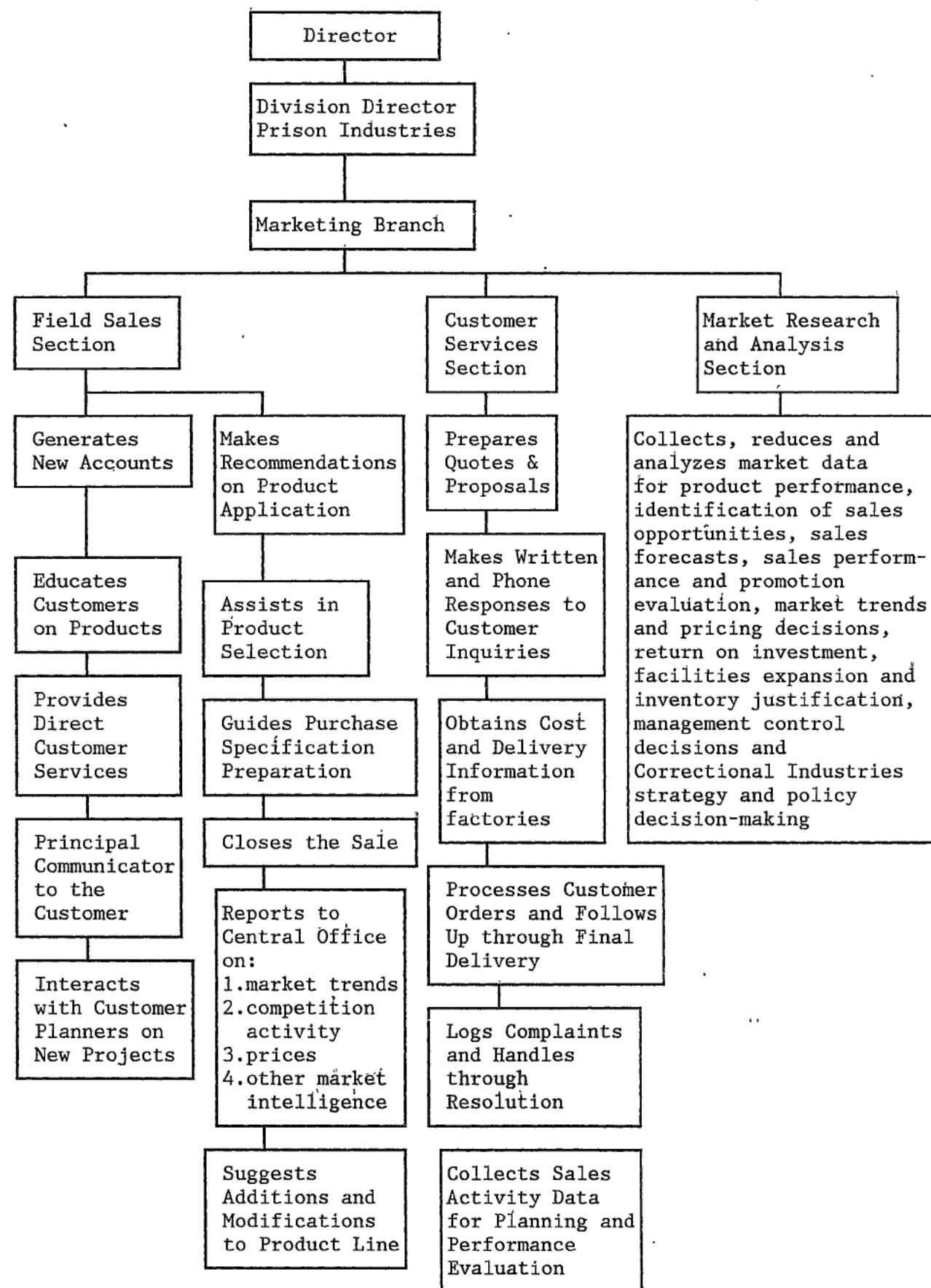


Source: Guidelines to Prison Industries,
National Institute of Corrections,
January, 1984

Guidelines for Prison Industries Organizational Model
Production Services Branch Detail



Source: Guidelines for Prison Industries, National Institute of Corrections,
January, 1984



APPENDIX J

Other States' Statutes Giving Prison Industries Programs Exemption From State Purchasing Requirements

Appendix I

Various states purchasing exemptions for Prison Industries

Example: Idaho Code

Typically statutory exemptions from the purchasing law requirements provide that special rules will be established to direct industries' procurement of raw materials and other supplies. Such requirements may be general --

Section 20-416.(5) Subject to the provisions of this act pertaining to annual audit and established accounting procedures, the correctional industries betterment account is exempted from powers and duties of the state purchasing agent.

or they may be specific.

Example: Florida Statutes Annotated

Section 945.21. The department shall promulgate regulations governing the administration of the correctional system and the operation of the department. In addition to specific subjects otherwise provided for herein, regulations of the department may related to: . . .

(m) the purchase of raw materials for use by the prison industry programs to manufacture or process products for resale. Such rules shall follow the guidelines established by the Department of General Services and shall include, but not be limited to, competitive bidding procedures for all purchases when the price exceed \$2,500 unless:

1. The agency head certifies under oath for the record that an emergency exists.

2. The agency head certifies under oath for the record that the raw materials are available only from a single source, or

3. The raw materials are available through a state contract, purchasing agreement, or maximum price agreement.

For another example, see Section 287.095 (purchasing act exemption). The purchase of raw materials for use by the Department of Corrections in its prison industry programs to manufacture or process products for resale is exempt from the provisions of this part.

More usual is the placement of rulemaking power to guide industries procurement in the purchasing agency.

Example: Michigan Compiled Laws Annotated

Section 800.330.(3) The governor shall require the director of the department of management and budget to establish suitable methods of purchasing and accounting which shall provide as may be necessary or advisable for:

(i) The purchasing and supply of supplies and materials necessary for the institutional manufacture or production of the correctional industries products.

See also Section 17.21 (parallel exemption) in the Purchasing Act.

Where a policy board is responsible for the direction of prison industries, the preparation of rules for industries procurement practices may be given to the board.

Example: California Penal Code

Section 2807.(g) To establish, notwithstanding any other provision or law, procedures governing the purchase of raw materials, component parts, and any other goods and services which may be needed by the authority or in the operation of any enterprise under its jurisdiction. Such procedures shall contain provisions for appeal to the board from any action taken in connection with them.

Legislation may also permit the policy board some leeway in determining when competitive bid procedures are not needed, even without rulemaking.

Example: Wyoming Statutes Annotated

Section 7-13-713. All purchases and contracts for materials to be used in the manufacture of articles in said penitentiary, shall be made by advertising for sealed proposals, excepting when, in the judgement of said commission, it is for the best interest of the state to purchase the same in open market.

Similar authority to permit open market purchases when competitive bid procedures would not be cost effective may be given the state purchasing agency.

Example: Utah Code Annotated

Section 63-56-35.5. The policy board may, by rule, exempt a public procurement unit from the source selection and contract award provisions of this part, if it deems that to be in the best economic interest of the state.

Example: North Dakota Century Code Annotated

Section 54-44.4-03. The director of the office of management and budget may delegate to state agencies and institutions the authority to make purchases of items not otherwise exempted by law when the purchases are necessary due to an agency being able to obtain a lower price with equal quality, the perishability of items, or the location of the items. Any delegation of purchasing authority shall be in writing and shall indicate what is to be purchased and the duration of the delegation.

A P P E N D I X K

List of State Industries Programs by Industry
taken from Guidelines for Prison Industries

State Industries Programs

The basis for the attached list of state industries programs are those reported in the *1983 Correctional Industries Association Directory*. The list has been modified to include information collected through the 50 state industry survey to reflect both new industries which have recently been started as well as those programs which have been phased out. No attempt was made in the survey, however, to systematically verify each program listed in the *CIA Directory*. The survey does demonstrate that a number of states are in the process of discontinuing outmoded industries and to an even greater extent have plans for starting new industries.

Alabama

Auto Validation Decals	Metal Products
Data Entry	Printing
Furniture	Tag Plant
Garment Manufacturing	

Alaska

Body Fender	Farm
-------------	------

Arizona

Bedding	Meat Processing
Dairy	Metal Products
Data Processing	Printing
Farming	Sign Shop
Furniture	Swine Herd
Garment Manufacturing	Tag Plant

Arkansas

Engraving	Printing
Furniture	School Bus Repair
Garment Manufacturing	Solar Energy
Mattress and Pillow	

California

Acoustic Screens	Metal Products
Auto Validation Decals	Office Supplies
Beef Herd	Optical Lab
Dairy	Printing
Desk Accessories	Shoe Factory
Farming	Sign Shop
Furniture—Wood and Metal	Tag Plant
Garment Manufacturing	Textile Products
Janitorial	Upholstery of Furniture
Mattress and Pillow	Wood Products

Colorado

Auto Renovation	Garment Manufacturing
Auto Repair	Graphics
Auto Validation Decals	Meat Processing
Beef Herd	Metal Products
Construction	Printing
Dairy	Sign Shop
Farming	Swine Herd

Feed Lot
Forestry/Sawmill
Furniture

Connecticut

Auto Validation Decals	Microfilming
Booklet Printing	Optical Lab
Data Processing	Printing
Dental Prosthetics	Purchasing
Engraving	Sales and Customer Service
Farming	Sign Shop
Forestry Products	Tag Plant
Furniture	Typewriter Repair
Furniture Refinishing	Upholstery of Furniture
Garment Manufacturing	Vehicle Maintenance
Laundry	Warehousing Mattress and Pill

Delaware

Farming	Swine Herd
Furniture	Upholstery of Furniture
Metal Products	Warehousing
Printing	Wood

Florida

Aquaculture	Furniture
Refinishing Auto Renovation	Garment Production
Bar Soap	Hay Production
Beef Production	Janitorial Products
Book Bindery	Key Punch
Brick Plant	Mattress Factory
Broom Factory	Meat Processing
Canning Plant	Metal Products Factory
Concrete Products	Optical Lab
Corrugated Box	Plant Nursery
Custom Wood Products	Poultry and Eggs
Dairy	Shoe Factory
Dental Lab	Sod Farm
Feed Mill	Swine Production
Field Crops	Tag Plant
Fire Tools	Tire Recapping
Forestry Products	Validation Decals
Furniture (Office)	Vegetable Farm
Furniture (Wood)	

Georgia

Auto Validation Decals	Metal Products
Concrete Products	Printing
Furniture and Seating	Refinishing and Reupholstery
Garment Manufacturing	Signs and Decals
Janitorial Products	Tag Plant
Mattress, Pillow, Textiles	Warehousing and Distribution

Hawaii

Printing

Idaho

Auto Refinishing	Tag Plant
------------------	-----------

Metal Products
Record Conversion
Sign Shop

Upholstery of Furniture
Wood Products

Illinois

Auto Renovation
Brush and Mop Manufacturing
Cigarette Manufacturing
Drapery
Ethanol Production
Farming
Forestry Products
Furniture

Furniture Refinishing
Janitorial Products
Laundry
Mattress and Pillows
Records Conversion
Sign Shop
Tire Recapping

Indiana

Bar Soap
Beef Herd
Brick Plant
Brush and Mop
Concrete Products
Dairy
Farming
Forestry Products
Furniture

Garment Manufacturing
Mattress and Pillow
Metal Products
Name Plates
Orchards
Printing
Sign Shop
Tag Plant
Wood Products

Iowa

Auto Validation Decals
Dry Cleaning
Furniture
Furniture Upholstery
Garment Manufacturing
Janitorial Products
Labor Services

Laundry
Mattress and Pillow
Metal Products
Printing
Sign Shop
Tag Plant
Tire Recapping

Kansas

Bar Soap
Farming
Furniture Refinishing
Garment Manufacturing
Janitorial Products

Mattress
Paint Manufacturing
Sign Shop
Upholstery of Furniture
Warehousing

Kentucky

Clothing Plant
Data Processing
Furniture Plant
Graphic Arts
License Tags

Metal Fabrication
Print Shop
Soap Plant
Tire Recapping

Louisiana

Dry Cleaning
Garment Manufacturing
Janitorial Products and Bar Soap
Mattress and Pillow

Meat Processing
Plastic Sign Shop
Silk Screen Shop
Tag and Metal Fabrication

Maine

License Plates
Print

Upholstery
Wood Products

Maryland

Brush and Carton
Graphics and Printing
Janitorial and Moving
Mattress
Meat Cutting
Metal Work

Modular Welding
Paint
Sewing
Tag and Sign
Upholstery
Woodworking and Refinishing

Massachusetts

Auto Validation Decals
Brush and Mop Manufacture
Construction
Flag
Foundry
Furniture Refinishing
Furniture Wood and Fibersin
Garment Manufacturing
Mattress and Pillow
Metal Products

Microfilming
Optical
Printing
Renovation Construction
Safety Vests
Sign Shop
Silk Screening
Tag Plant
3-Ring Binders
Upholstery

Michigan

Auto Validation Decals
Bulk Textiles
Corrugated Box Factory
Decals
Furniture Upholstery
Furniture (Wood and Steel)

Machine Shop
Mattress and Pillow
Metal Products
Mops
Shoe Factory
Sign Shop (Wood, Metal,
Plastic)
Tag Plant
Textile Products
Warehousing

Garment Manufacturing
Graphics
Laundry

Minnesota

Assembly Sub-Contracts
Auto Renovation
Auto Validation Decals
Bus and Auto Reconditioning
Data Processing
Furniture
Furniture Upholstery
Garment

Mattress and Pillow
Metal Products
Microfilm
Office Products
Printing
Telephone Reconditioning
Vinyl

Missouri

Auto Validation Decals
Bar Soap
Chemical Products
Dry Cleaning
Furniture
Furniture Upholstery

Mattress and Pillow
Metal Products
Printing
Shoe Factory
Sign Shop
Tag Plant

K-3

131

Montana

Beef Herd
Crop Production
Dairy
Furniture Manufacturing
Furniture Refinishing
Mattress Manufacturing
Printing

Slaughterhouse
Street and Road Signs
Tag Plant
Timber Management/Wood
Products Manufacturing
Upholstery

Nebraska

Bar Soap
Bedding Related Items
Furniture
Furniture Upholstery
Garment Manufacturing
Janitorial Products
Mattress and Pillow

Metal Products
Printing
Reupholstery and Fabrication
Tag Plant
Warehousing
Wood and Metal Products

Nevada

Auto Refinishing
Dairy
Furniture
Furniture Upholstery

Graphics/Bookbinding
Mattress and Pillow
Shoe Repair

New Hampshire

Auto Mechanical and Body Repair
Cordwood
Data Entry Services
Decals and Seals
Die-Cut Letters
Farm Products
Furniture Stripping and Refinishing

Letterpress and Offset Printing
Silk Screen Printing
Street Names
Survey and Grade Stakes
Traffic Signs
Validation Stickers
Wood Products

New Jersey

Brush and Mop Manufacturing
Furniture
Garment Manufacturing
Janitorial Products
Knitting
Machine and Bed

Mattress and Pillow
Metal Products
Printing
Sign Shop
Tag Plant
Warehousing

New Mexico

Auto Refinishing
Auto Renovation
Clothing
Dairy
Farming
Furniture
Furniture Upholstery

Graphics
Mattress and Pillow
Micrographics
Printing
Sign Shop
Sod Farm
Tag Plant

New York

Bar Soap
Furniture
Furniture Reupholstery
Garment Manufacturing
132 Janitorial Products

Mattress and Pillow
Metal Products
Optical
Printing
Tag Plant

North Carolina

Beef Herd
Canning Plant
Farming
Forestry Products
Garment Manufacturing
Graphics
Institutional Services
Janitorial Products
Laundry
Livestock
Mattress and Pillow

Meat Processing
Metal Products
Paint Plant
Poultry and Eggs
Printing
Sign Shop
Swine Herd
Tag Plant
Upholstery of Furniture
Wood Products

North Dakota

Beef
Corrugated Box
Dairy
Decals
Fibersin Furniture
Field Crops
Furniture Restoration
General Labor
Hardwood Furniture
Institutional Mattresses

Janitorial Products
Laundry Care Products
Metal Products Fabrication
Park Furnishings
Playground Equipment
Special Mill Work
Specialty Signs
Swine
Traffic Control Signs
Upholstered Furniture

Ohio

Auto Validation Decals
Chewing and Shredded Tobacco
Dental Prosthetics
Furniture, Wood and Fibersin
Garment Manufacturing
Janitorial Products
Mattress, Pillow and Chair
Cushions
Metal Products
Micrographics

Printing (2)
School Bus Renovation
Shoe Factory
Sign Shop
Tag Plant
Tire Retreading
Truck Modification and
Snow Plows
Vehicle Paint and Body
Shop

Oklahoma

Beef Herd
Canning Plant
Corrugated Boxes
Dairy
Data Entry
Draperies
Farming
Furniture
Furniture Renovation
Furniture Upholstery (2)
Garment Manufacturing (2)

Livestock Feed
Mattress and Pillow
Meat Processing
Metal Products
Microfilming
Poultry and Eggs
Printing
Sign and Decals
Swine Herd
Tag Plant
Warehousing

Oregon

Auto Renovation
Dry Cleaning
Furniture
Laundry

Maintenance
Mattress and Pillow
Shoe Factory
Upholstery of Furniture

Pennsylvania

Auto Refinishing
Auto Renovation
Auto Validation Decals
Bar Soap
Beef Herd
Canning Plant
Coffee and Tea
Corrugated Boxes
Dairy
Dental Prosthetics
Drapery
Farming
Flags
Forestry Products
Freight Trucking
Furniture Upholstery
Furniture—Wood and Metal

Rhode Island

Agriculture
Auto Body
Furniture
Furniture Upholstery
Garment Manufacturing

South Carolina

Aiken Furniture Refinishing
Apparel Plant
Central Laundry
Dutchman Janitorial
Kirkland Furniture

South Dakota

Book Bindery
Farming
Furniture
Furniture Upholstery

Tennessee

Dairy
Data Processing
Farming
Garment Manufacturing
Maintenance
Mattress and Pillow
Metal Products

Texas

Auto Renovation
Auto Validation Decals
Box Factory
Brush and Mop Manufacture

Garment Manufacturing
Graphics
Hosiery and Gloves
Janitorial Products
Livestock Feed
Mattress and Pillow
Meat Processing
Metal Products
Plant Nursery
Printing
Shoe Factory
Sign Shop
Swine Herd
Tag Plant
Warehousing
Wood Products
Woven and Knitted Textile
Yard Goods

Graphics
Printing
Sign Shop
Tag Plant

Mattress Factory
Metal Shop
Perry Wood Products
Tag Plant

Sign Shop
Tag Plant
Wood Products
Wood Refinishing

Paint Manufacturing
Printing
Sign Shop
Tag Plant
Upholstery of Furniture
Warehousing
Wood Products

Metal Products
Plastic Sign Factory
Records Conversion
Shoe Factory

Dental Prosthetics
Dump Bed Bodies
Furniture

Utah

Dairy
Farming
Furniture
Meat Processing
Metal Products

Vermont

Community Service Crews
Dairy
Furniture
Furniture Refinishing
Plate and Sign Shop (Metal)

Virginia

Data Processing
Dental Prosthetics
Furniture
Furniture Upholstery
Graphics
Laundry
Maintenance
Meat Processing

Washington

Dairy
Furniture
Furniture Upholstery
Graphics
Laundry
Mattress
Metal Products

West Virginia

Graphics
Printing

Wisconsin

Data Processing
Graphic Design
Laundry
Management Support
Metal Stamping
Printing

Wyoming

Garment
Laundry

Sign Shop
Soap, Detergent and Wax
Tag Plant

Printing
Sign Shop
Swine Herd
Tag Plant

Pressure Treated Lumber
Printing
Silkscreening
Wood Products

Metal Products
Printing
Shoe Factory
Sign Shop
Tag Plant
Textile
Warehousing
Wood Products

Microfilm
Pork
Printing
Private Industry—Restaurant
Private Industry—Sewing
Sign Shop
Tag Plant

Tag Plant

Refinishing
Sales
Sign Shop
Upholstery
Warehousing
Wood Products

Sign Shop
Tag Plant

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